

## FINANCIALTIMES

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GENERAL

## Bank 0.90; kidnap Gold victims freed

The two British bankers held by Left-wing guerrillas in El Salvador for almost eight months were freed yesterday. Their employers, Lloyds Bank International, paid a ransom to their employers.

their captors. Mr. Ian Massie, 46, and Mr. Michael Chatterton, 47, were kidnapped by members of FARN, the Armed Forces of National Liberation, and held under threat of execution while negotiations with Lloyds con-

A Foreign Office spokesman said in London: "We are very glad indeed that Mr. Massie and Mr. Chatterton are safe and well, and full of admiration for the way in which these innocent men endured their long ordeal."

#### Nazi vote

he West German Bundestag oted in favour of lifting the version statute of limitation is to enable the prosecution of Nazi murderers beyond this

#### Hoteliers hit

Costa Brava hoteliers reported a big drop in business as Spain's Mediterranean resorts anxiously awaited a new bombing assault by Basque terrorists. French riot police were sent to the French Basque region as fears grew that the trouble might spread into French territory.

### Syrd warning

Mr. Robert Byrd, the majority leader of the U.S. Senate, y rned the Russians on his rival in Mosenw against any suggestion that the role of the Senate was simply to "rubber the TP" the SALT II treaty.

## Jearer post

the Post Office is to raise its stal charges by in on domesfirst and second class mail com August 20. Parcel charges cent dearer. Page 6

#### Petrol up 6P Oil and Texaco put up the

prices of petrol and other oil products. BP added 7.5p to the wholesale price of a gallon of four star and Texaco added 6.8p. Page 6

## Air fares

Further rises in world air fares of between 10 per cent and 15 per cent from this autumn are expected to result from a meetng of more than 100 airlines in eneva on July 17. Back Page

### org through

mbledon champion Bjorn g cruised into the semi-finals this year's championships. stroying Dutchman Tom kker 6—2, 6—1, 6—3. In an all-American battle Roscoe Tanner defeated Tim Gullikson 6—1, 6—4, 6—7, 6—2. Page 6

### Laker plea

Sir Freddie Laker, chairman of Laker Airways, has urged the U.S. civil aviation authorities to end their ban on foreign-

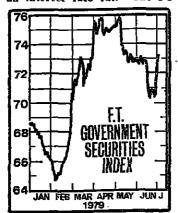
### Briefly . . .

price of petrol and warned that rationing could be introduced if consumption did not drop. Folice launched search for Search West Germany's poison scare tins of corned beef, largest industrial concern. codemarked SIF, 2 Brasil, stolen at London's Smithfield Market and from a lorry at Speke,

#### BUSINESS

## Gilts up steady

 GILTS gained on continued sterling buoyancy and hopes of an interest rate cut. The FI



Government Securities index rose 0.30 to 73.18, its highest for six weeks.

@ EQUITIES opened strongly. but faded later, and the FT 30-share index closed 4.4 up at

9 STERLING rose sharply against the dollar to close at \$2.2030, a rise of 1.45c from Monday, and its trade weighted index increased to 70.4 (70.1). The dollar's was \$5.1 (85.0).

9 GOLD closed unchanged in London at \$2824.

• WALL STREET was 0.94 up at 834.98 near the close.

• BRITISH STEEL Cerporation's strategy to cut its £309m deficit for last year is itsely to involve cuts in unprofitable expert business and a faster programme of works closures. Back Page and Lex: Editoria! comment and feature. Page 20

OCHRYSLER Europe's losses are expected to be significantly higher this year than the FFr100m (\$10.3m) deficit in 1978. The forecast came as 3,500 workers at Chrysler UK's Stoke engine plant voted to strike unless their 5.5 per cent pay offer was improved. Back Page

Q CHINA and the U.S. are will rise by 14 per cent and shortly to sign an agreement overseas mail will be 30 per governing trade between the two favoured nation tariffs treatment for Chinese exports to the

> SEVERAL OPEC member States are negotiating or raising synditotalling about \$3bn. Page 26

> MERIDEN motor-cycle workers' co-operative is expected to get a Government reprieve in the next few days from the £1.2m interest on State loans which it should have paid by last Saturday. Page 6

ELECTRICITY manual workers are to pursue a pay claim in line with power en-gineers. The engineers called off their threat of industrial action after promises of an offer of more than 16-18 per cent.

BABCOCK and Wilcox, the UK engineering group, is buy-ing the Keeler Corporation of the U.S. in a \$75m (£34m) deal to reinforce its other major North American activities. Back Page. News Analysis. Page 24

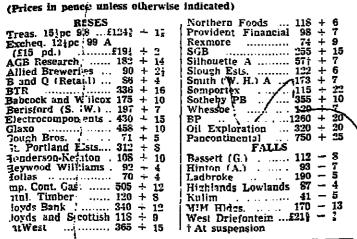
• TESCO Stores (Holdings) registered DC-10s flying into the U.S. and hinted that he may sue for damages. Page 6

TESCO Stores (Holdings). the food retailers, is to spend £200m on development projects in the three years to 1981. Page 22 and Lex

 IC GAS raised pre-tax profits Spanish Government announced from £31,14m to a record a 22.5 per cent increase in the £33,75m for the year ended March 31, 1979 on turnover of £187.7m (£168.9m). Page 22

> reports first-quarter net earnings of DM 92m (\$49.9m), more than double the figure in the same period last year. Page 27

### CHIEF PRICE CHANGES YESTERDAY



## Howe backs strong pound as value rises to \$2.20

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

Sir Geoffrey Howe, the Chancellor, publicly reaffirmed yesterday the Government's commitment to the desirability of a strong pound, as sterling rose above \$2.20 for the first time in more than four years.

No. 27,906

the short-run to sell British reduction.
exports in competitive world The official view is that MLR markets, but a rising exchange was raised in the Budget to rate also helps to restrain the curb domestic monetary presrise in domestic costs and to raw materials.

ness and the supply side of the Consequently, there are no

further relaxation of exchange rate policy. The authorities appear to be reluctant to reduce In a Commons written answer
Sir Geoffrey said he recognised
the genuine fears that a strong
the genuine fears that a strong ket speculation about an early

sures, and there is no evidence reduce the rate of inflation by yet of a significant easing of lowering the cost of imported bank lending. Moreover a cut in MLR might

"The best way to increase not have much impact on in-exports is by improving pro-ductivity, non-price competitive-reappraisal of Britain's position as an oil-producer.

Treasury Ministers may soon consider a further relaxation of

### End exchange controls—plea

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

THE Prime Minister will be urged next Monday to authorise the abolition of all remaining exchange controls when she holds her first formal talks since the general election with leaders of the Confederation of British

Industry.

She will also be told by the CBI that, while there is still strong support among leading industrialists for the overall Budget strategy, the current 14 per cent level of minimum lending rate should be

brought down.
The CBI economic policy committee decided on this of

its monthly meeting yesterday when industry's favourable reaction to the Budget dampened down concern about the level of sterling. Industrialists on the

Industrialists on the committee stressed that they are in favour of a strong pound supported by a low inflation rate and high productivity. But there is more concern, which divides CBI members, over a strong pound based on North Sea oi!. Against a background of poor profitability, many companies are seriously worried about the prospects in the coming year.

He left open, however, the signs of any change in exchange exchange controls in addition to the major changes announced in

the major changes announced in the Budget. Referring back to his Budget statement, Sir Geoffrey said yesterday that he intended "as time goes by to take further steps in the progressive dis-mantling of these controls, but the pace of relaxation must be influenced by the strength of influenced by the strength of the pound as well as by the speed with which our economic

problems can be solved."

The rise in the pound since the Budget is likely to bring forward further changes, though changes are not necessarily expected to remove the upward pressures on sterling. Ministers helieve that sterling should not be artificially propped up by

The pound rose by 1.45 ceats yesterday against the dollar, to \$2,2030 for an increase of 6.15 cents since the beginning of last

Sterling gained against Con-tinental currencies, rising to DM 4.055 for an appreciation of 2.1 per cent over the same

The trade-weighted index measuring the value of sterling against a basket of other currencies jumped by 0.3 points to 70.4. This is an appreciation of 4.5 per cent in the three weeks since the Budget, and of 10.2 per cent so far this year. Throughout this period the Bank of England has been in-

Cr. n. Back Page

## Volkswagen plans £1.36bn investment programme

VOLKSWAGEN IS expected to expand substantially its production facilities in the U.S., Canada and Mexico, as well as in West Germany, during the next two years.

The programme would be VW's largest series of new investments since it launched its highly successful model range to replace the Beetle in the early 1970s. It is understood to have been put to the VW supervisory Board in Berlin vesterday by Herr Toni Schmuecker, the executive

The supervisory Board, which includes representatives of the West German Government and to approve the plan.

shortly to announce details of large scale is being taken an investment programme against a background of sharply worth over DM 5.5bn (£1.36bn) rising worldwide sales. VW sales in the U.S. are up some 45 per cent, as a result of the American car buyen move to Volkswagen factories at Wolfs-smaller, more economical cars, burg and Hanover are to be It is on the U.S. market that VIV expanded. The Salzgitter plant, is said to be concentrating its where engines are produced for future expansion.

Capacity at NV's Westmore-

land plant in Peraginatia is to Mexican factory has reached full increased from 800 Rabbit output. (Golf) cars daily to 1 000 at the end of 1951 and by another 200 a day by 1983. In addition, VW is said to have decided to build a second plant in the U.S. to produce 800 cars a deglineding what are called "further derivations" of the Rabbit anndel. Yoll sweden of Mexico at in coming years.

the trades unions, is expected. Pueblo is also to set a new factory, at which engines for the

VW's decision to expand on a Rabbit are to be produced instead of being snipped from West Germany. There are also first plant in Canada to produce components for the Rabbit. Volkswagen factories at Wolfsexport to the U.S., is to be freed

> Last year the Volkswagen group invested DM 1.9bn worldwide, with the bulk of it, 78.4 per cent, going to domestic expansion and modernisation. Investments were financed exclusively from earnings, and this is also to be the case with the massive new capital investments

for car production when the

Chrysler Europe losses. Rack Page

## Mrs. Thatcher rejects demand to kill Budget tax on petrol

BY RICHARD EVANS, LOBBY EDITOR

MRS, MARGARET THATCHER need to develop new sources the Government to reconsider nuclear power.
this "self-inflicted" increase she But Mrs. Thatcher made it would be the most certain way of increasing demand for oil.

refused yesterday to protect industry and motorists from the latest rises in oil prices when she rejected Opposition to moderate her enritusiasm for demands for the withdrawal of large-scale nuclear development, the 10p-a-gallon increase on Britain had sufficient energy petrol proposed in the Budget. reserves in his view to allow When Mr. Callaghan called on for "a coutious treatment" of for "a cautious treatment" of

porter of nuclear development and she hoped the public in-In a Commons statement on the fast breeder her return from the Tokyo economic summit the Prime way without too much delay.

Minister said all Heads of Government had stressed the a special need to expand, with

safety, nuclear power generating capacity. Without this the prospect for growth and employment would be bleak. Because of Britain's North Sea oil reserves the UK was clearly in a different category from the other nations repre-sented at the summit. This would make it possible for this self-inflicted increase she. But Mrs. Thatcher made it other countries, including argued that reducing the tax clear she was a committed sup-members of the European Community, to import more oil in the next few years while main-

> European energy news, Page 2 UK energy news, Page 6 Parliament, Page 8

practice. In the old days rectult-

taining total imports at the

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British Steel: the knife at the corpora-Timbard: Peter Riddell examines cash beds Editorial comment: British Steel; Latin for Chancellor 2 U.S. car market: BL subsidiary races Surveys: Spanish exports ....... 13-18 against time ...... 10

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unite in call for big rise By Christian Tyler, Labour Editor

**Miners** 

MINERS' delegates of both Left and Right joined forces for the

first time in years yesterday to back a militant wage demand which will severely test the Government's determination to stay out of pay bargaining.

The National Union of Mineworkers' annual conference in

Jersey voted unanimously for a tightly drawn resolution in structing negotiators to seek rises of between 30 and 65 per cent for November 1, eight months since their last increase. It was a day of triumph for the Left and in particular for Mr. Arthur Scargill, Yorkshire area president and leading contender for the national presidency, who moved the hard-line

claim and also topped the poll in the union's ballot for a seat on the TUC General Council in 1980. Mr. Scargill said afterwards that he would press the executive in nine days' time to lodge the claim immediately. But Mr. Joe Gormley, union president, said later he was not going to be rushed. "We will have a sum-

mer vacation before I do owt." Realities The day's events were wit-nessed by Mr. John Moore, the Energy Department Parliamen-

tary Under-Secretary who is the Minister responsible for the coal industry, who would not comment directly on the claim. But, he said, there was a difference between the realities of the outside world and what he called the "verbal gymnastics and mythology of class war" heard in the conference hall.

The full claim would add £700m to the National Coal Board's present £1.5bn wage bill

£7 to £23 a tonne.

Even before the National Coal
Board faces the wage claim,
miners may take widespread action to stop a South Wales pit being closed.

Conference delegates have no doubt that the forthcoming area strike ballot over proposals to shut Deep Duffryn will Continued on Back Page

£ in New York

July 2 Previous

Spot | \$2.1840-1850|\$2,1765-1770 month | 0.75-0.70 dis 0.73-0.68 dis months | 1.69-1.64 dis 1.88-1.83 dis months | 4.95-4.90 dis 5.40-5.30 dis

## Government may move on job perks

BY ELINOR GOODMAN, LOBBY STAFF

ing clamping down on company perks. The Treasury is carrying out a detailed study on the whole question of the treatment cars, subsidised housing and cheap loans.

The Central Policy Review Staff—the "think tank" is also believed to have been asked to look at the question.

Successive governments have tried to tackle what they have regarded as particular abuses of the system. But the feeling now is that it may be time for a more wide-ranging reform.

Ministers believe that while there might have been some excuse for companies paying their workers in kind, when the marginal tax rates were so high, that argument no longer holds good now that tax rates have been cut. They feel that this source of income should perhans be taxed at the full rate in

They may finally decide that legislation is not the best way of tackling this problem. Instead, they may try to persuade industry to take the initiative by announcing that it initiative by announcing that it has commissioned before com-would voluntarily start dis-mantling some of the existing is that the studies will be comschemes:

THE GOVERNMENT is consider- pay policy. The schemes for paying workers in kind have become increasingly ambitious—suits are now leased as well as cars, for exampleof benefits in kind, like company and perks are no longer the sole prerogative of management.

As a result, the Inland Reveue may be insing considerable sums of money each year.

Most perks are already taxed, but at a lower rate than comparable levels of pay. Individual loopholes have been blocked from time to time—the Government is trying to clamp down on the treatment of leased cars in the Pipance Pill now going through the House, while last Government changed the treatment of company cars.

But the feeling still is that the taxable income of many workers may be artificially depressed by the payment of perks and that there may no longer be any justification for creating a range of such schemes which can be socially divisive.

The Government will await the results of the research it pleted in time to include any The number of people received proposals in the next Budget, ing company perks is known to but it is recognised that the have rocketed over the last few subject is complicated and that years, as a way of getting round any reform may take some time.

### Postal efficiency talks BY NICK GARNETT, LABOUR STAFF

NEGOTIATIONS on improving If the entire cost was passed Mr. Tom Jackson, general secre-on to customers the average tary of the Union of Post Office pithead price of coal would rise Workers and Mr. Dennis

> director. A joint statement confirming rent "going rate" in the Post the talks was issued by Mr. Office of at least 17 per cent. Jackson and Sir William Barlow. Lir. Jackson said: "We've not Jackson and Sir William Barlow.

Pest Office chairman. that decision would be adhered

He also warned the Post Office that although his union was prepared to discuss improving the process of diverting mail from one office to another, his members' would still demand their right to negotiate this fully at

He said his officials would be efficiency in the postal service prepared to negotiate an agree-were begun yesterday between ment on work measurement. Mr. Tom Jackson, general secretary of the Union of Post Office other productivity issues, how-Workers and Mr. Dennis ever, would have to be paid for Roberts, the posts managing by extra money on top of what the union believes to be the cur-

been carrying out any national Mr. Jackson earlier gave a industrial action as some other warning, however, that his unions have. Anything the Post members had rejected by ballot. Office wants to regeriate they the further use of casual and will have to pay for above what produce a "yes" vote and that temporary staff—one of the croups. We'll not be areas such as Scotland and principal productivity elements other croups. We'll not be areas such as Scotland and principal productivity elements other croups. We'll not be areas such as Scotland and principal productivity elements other croups. I can be as rough as anyone

if I have to be."
The UPW agreed on an interim pay deal earlier this year worth just over 10 per cent. It has been seeking consolidation of outstanding supplements of about £8.50, with at least a further 7 per cent

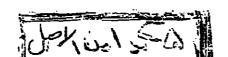
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77.

## From the House of BELLS





## **EUROPEAN NEWS**

## Madrid raises petrol prices 22.5%

THE SPANISH Government yesterday announced a 22.5 per cent increase in the price of petrol, and substantial rises in the price of other oil-derived fuels. It warned that if fuel consumption did not drop as a result over the next six months, more drastic action, such as rationing, would be taken.

The price of petrol, which is sold entirely by Governmentcontrolled companies, has been increased across the board, with 98 octane now at £1.26 a gallon, and 96 octane at £1.21. Motorway tolls have also been raised by 15 per cent. The measures have been made less popular by the fact that over one-fifth of the rise will go towards financ-ing debt-ridden city and town

Spanish petrol consumption has increased by 10.7 per cent

1979, compared with the same period last year. The 1978 increase was 8.2 per cent, while overall energy consumption rose by 4 per cent, a figure only exceeded by Libya in the rest of

Other significant price rises are 25 per cent on gasoil and nearly 60 per cent on aviation fuel. The price of internal flights will be raised 25 per cent, except on flights to the Canary Islands. Electricity and telephone charges have also gone up sharply. For now, the Government's Pta 75bn (£526m) subsidy on industrial and agricultural fuel oil will not be phased out. The measures will be complemented by a major advertising campaign stressing the need for conservation.

apparently draconian reaction to the new its energy. The Government and doubted if inflation oil prices decided at the OPEC estimates that oil imports will be held to 14 per cent.

to some extent incorporate sent bill is approximately earlier price rises which had £2.28bn. It is also concerned been delayed. Energy prices at the depletion of strategic have been artificially low since summer, 1977, yet for a comLibya's threat to stop exports. bination of economic and politiSpain obtains between a quarter
cal reasons no realignment has and a third of its oil from taken place until now.

The Government was deterred from raising prices earlier this ence, Sr. Fernando Abril, year, because of the effect on the consumer price index. Not only overall charge of the economy.

be avoided any longer. Spain carried out before the price depends on imported fossil rises, estimated that growth depends on imported fossil rises, estimated that growth fuels for nearly 75 per cent of its energy. The Government and doubted if inflation could

meeting last week, the measures now cost £1.37bn more; the pre At yesterday's Press Confer-

were there elections to consider made no mention of plans for in the spring, but collective retrenchment or revision of this wage agrements would have to year's projections. It now seems be revised if the index exceeded clear, nevertheless, that Governoe revised it the index exceeded clear, nevertheless, that Government of the first ment plans for 4.5 per cent mouth. Although official figures growth and holding inflation to have not been released, this has happened anyway.

The issue could not therefore the avoided any larger spain.



economic mainstay

BY OUR MADRID CORRESPONDENT

campaign against resorts by Basque geurillas has again raised the stakes in what is fast becoming an insoluble problem.

By the autumn it will be clear machine whether the Basques are allowed the level of self-government at San Jean de Luz near the they are seeking, or whether the French border with Spain, and undeclared war in the Basque country will be stepped up even the subprefecture of Bayonne, further. For the Spanish eco- there had been almost weekly nomy, however, what matters is attacks on French property in what happens now, and whether Spain. the ETA proceeds with its the country's coastline.

economy, tourism receipts will become more and not less important.

Of the nearly 40m tourists change in guerrilla tactics, who holidayed in Spain last ETA-Militar, the nationalist year, almost 35m came from organisation's more militant Europe. Of these, 3.5m came wing, had made the running this from the UK (up 15.5 per cent year, claiming responsibility for on 1977), 5m from W. Germany 41 out of 85 deaths so far this (up 13-3 per cent), 7m from year in political violence.

Portugal (up 30 per cent) and They are aiming for conno less than 11m from France independence and believe that (up 13.9 per cent). It has been with over 20 per cent of the mainly British and German population behind them, they tourists who have been incon- can force the Government to venienced—rather than physic-negotiate a platform of mini-ally threatened, since except in mum demands leading in that one case warning has been direction. ample—by the 11 bombs planted on the southern and eastern other hand, the group behind coasts since last Wednesday,

BY GUY HAWTIN IN FRANKFURT

plies are assured for this winter

and the coming year, according

to Herr Rudolf von Bennigsen-

Foerder, chief executive of

Veba, the country's largest energy concern. But he warned of medium and long term prob-

lems if there was no resumption

of the nuclear energy programme.

said that supplies for the remainder of this year and 1980

would continue "essentially with no friction." In the oil

sector, there was no supply

crisis but rather a "psychologi-

cal change" in consumers'

Previously, the consumer

Herr von Bennigsen-Foerder,

WEEK-LONG bombing Basques resident in the French Spanish Basque country last February was always likely to ensure that the French would not get off lightly.

before Even machine gun attack on the "Puerta del Sol" night express Saturday's powerful bomb in

The border itself has been attempt to spread panic across closed an estimated dozen times to all but essential Tourism brought Spain a net traffic, and street battles, long \$4.92bn last year, more than a fact of daily life in the wiping out last year's trade Spanish Basque country, have deficit of \$4.02bn. In the difficult now put in an appearance on period now opening for the hitherto tranquil French Basque soil.

The present campaign nevertheless represents a significant

They are aiming for complete

ETA (Politico-Militar) on the pasts since last Wednesday. the present campaign, was up Two people were killed and But one in four tourists to till now in semi-retirement, nearly 300 injured in the en-

have stepped up security in key resorts, particularly as the cam-paign creeps up the eastern coast towards the Costa Brava. a favourable holiday area for the French. The Ministry of Tourism is holding fire until the end of the week, when a joint government statement is likely.

Attention is now being focussed on Pamplona, in the disputed Basque province of Navarre.

Pampiona's famous annual festival of San Fermin opens this weekend. There is a risk of violence if extreme-Rightists groups respond to the campaign disrupting tourism on the coast by attempting to ensure similar condtions for "basque" tour-

Last year, the festival broke up in chaos after an attack on Pampolna bull-ring by a company of fully-armed riot police. Spain is French, and the French carrying out a limited number suing violence, and a general have reported a much lighter Government's decision to re- of mainly propagandist actions. strike paralysed the Basque flow of tourist traffic than in refugee status for Meanwhile, the authorities country for nearly a week.

Robert Mauthner adds from Paris: Reinforcements of riot police are being despatched to the French Basque region as fears grow in Paris that the Basque terrorist campaign would rapidly spread to the French side of the border with

French authorities believe that there is a serious risk that French Basque organisations with links with ETA are preparing to give active support to the latter's current terrorist campaign.

Basque terrorist attacks have been stepped up since the French government, withdrew the right last Figure of Spanish Basque nationalists to claim political asylum on the French side of the border.

Though as many tourists as ever have been crossing the Mediterranean border between the two countries, on the Atlantic side. local authorities previous years.

## European banks prepare

it is already half empty and orders some more," he said. But he warned that coal alone could not provide the substitutes that would solve future problems. Nuclear power was essential and the country's energy needs could not be assured

If energy consumption conlinued on its normal path, consumers could expect a sumply bottleneck to arise in about 1985/86. With power station construction halted, particularly in the nuclear sector, the danger to the country's future power

Nowadays, he looks at it, sees

"Previously, the consumer needs was growing. The critical looked at his tank and saw that point would be reached in 1983.

## U.S. Senator warns on **SALT II ratification**

Nuclear power urged by

W. German energy chief

WEST GERMAN energy sup- it was half full and carried on.

MR. ROBERT BYRD, the majority leader of the U.S. Soviet Foreign Minister, said Senate, arrived in Moscow yesterday and warned the Russians against any suggestion ments to the treaty, and his that the Senate's role was statement inspired Mr. Howard that the Senate's role was simply to "rubber-stamp" the SALT II agreement.

Mr. Byrd, whose support for the treaty is considered crucial to its ratification, said at a Kremlin lunch that he had not Kremlin lunch that he had not come to Moscow to renegotiate intention to either praise the treaty, but the Russians treaty or condemn it, but to must remember that the President and the Senate are "equal but independent partners" in the treaty-making process.

Mr. Andrei Gromyko, the last week that the Soviet Union would refuse to accept amend-Baker, the Senate minority leader, to announce that he would work to defeat SALT II unless amendments

allowed. examine "certain concerns regarding the treaty," and that this was his responsibility as a U.S. Senator.

## Irish plan postal reform

BY STEWART DALBY IN DUBLIN

IRELAND HAS announced are financed by the Government, plans to reform its post and tele-communications systems, after a subject to the relevant ministers. crippling four-month post and

bodies will be set up, one for £100m for 1980, until the new post and one for telecommunica-bodies develop "appropriate tions, and that an accelerated financial arrangements.

cations services will thus be more than £1bn in loans which taken away from civil servants Ireland is expecting each year and run by bodies like the Infor the next five years from the is a far smaller party than the and instead proposed Herr dustrial Development Authority EEC, in return for joining the one with which it is allied in Ernst Albrecht, State Premier and the Export Board. These European Monetary System.

As an interim measure two boards, one for post and one for Mr. Padraig Faulkner, the telephones, are being set up Minister for Posts and Telegraphs, has said two semi-state ment has said it will contribute

tions, and that an accelerated nhancial arrangements.

£650m investment programme Some of the £650m for the accelerated investment pro-The postal and telecommuni- gramme could come from the

## joint credit card scheme BY CHARLES BATCHELOR IN AMSTERDAM

paring to launch a joint credit are believed to be preparing for the scheme. British banks are European travellers' cheque to not so interested, however, halt the inroads by U.S. banks because their own credit card into their markets. The banks schemes are well established.
are developing the "Eurocard" system, originally set up in for a European travellers' Sweden about 10 years ago. West German banks have

banks in many other European the cheques in their own countries plan to join the currency as well as in the other

Plans are also well advanced

cheque, on the lines of the already started the scheme, and out Europe. Banks would issue present Eurocheque-throughscheme soon. Dutch bankers major currencies. This would allow travellers' cheques to be The credit card would be more effectively marketed than primarily for travel and entertainment, on the lines of the individual banks, and cheques Diners' Club or American would be more readily Express card, rather than for recognised by foreign banks and everyday shopping. Banks in the Benelux countries, Scandinintroduced next year.

EUROPEAN BANKS are pre- avia, France, Spain and Italy



## 'Vigilante groups' call after Jura violence

By John Wicks in Zurich OFFICIAL approval for the formation of local armed vigilante groups has been demanded by a group of politicians in the Jura region of Canton Berne. The demand was made after a demonstra-tion in the Bernese village of Tramelan last Saturday by a separatist group, when local inhabitants were beaten and cars damaged. Tramelan is in that part of French-speaking Berne which had voted against joining the new canton of Jura.

About 200 members of the separatist youth organisation "Bellers," took part in "Beliers," took part in the demonstration, which had

not previously been announced. They claim they were themselves attacked after reading a pro-Jura pro-clamation. There were injuries on both sides, the mayor of Tramelan being among local inhabitants who

were seriously injured.
The Bernese Jura politicians, who include members of the Social Democratic and Radical parties, as well as of regional groups loyal to Berne, want the governor of the Bernese Jura to permit local "home guard" units to be set up, as provided for in the canton's constitution.

The federal Government is to be asked to demand an apology from Canton Jura and undertakings that effective action will be taken there to prevent further violence of this kind. Should Canton Jura be unable to meet these demands, the politicians call for a federal control body to be set up to keep order in the region, and for relations to be broken off between the two cantous of Berne and Jura. • Foreign currency reserves of the Swiss National Bank reached their highest level for three months at the end of June, increasing during the week by SwFr 2.81bn (£777m) to SwFr 25.89bn. The total includes SwFr 2bp in end-ofmercial banks.

### Nomination of Greek envoy to **EEC** withdrawn

By Our Foreign Staff THE GREEK Government has withdrawn its controversial nomination to the EEC of a diplomat who had served in the same position during the Colonels' dictatorship.

The nomination had caused surprise in Brussels, given the Greek Government's stress on EEC membership being a guarantee of parliamentary democracy in Greece. Now Mr. George Rallis, the Foreign Minister, has described as "an excellent career diplomat" the official in question, Mr. Stavros Roussos, who is now Ambassador to

He described Mr. Roussos's attitude during the dictatorship as "irreproachable," and noted that his post-junta appointment to London had caused no untoward reaction.

## Italy makes final attempt to break wages deadlock

Labour Minister in the outgoing Italian Government, was involved in final attemps last night to break the deadlock in the negotiations for a new contract for the 1.5m engineering and metal workers, as unions sharply increased industrial action throughout the country. The Turin-based Fiat car-manufacturing group, Italy's largest private enterprise, has been hard hit by the latest strikes, which have severely disrupted production at most of

Fiat has traditionally been in the front line of labour unrest in Italy. In the past 48 hours, the unions have also imposed a boycott on all Fiat cars pro-duced abroad and shipped to Italy, mainly from Spain and

The unions claim Fiat has been increasing its shipments years.
of cars manufactured abroad to Bot

SIG VINCENZO SCOTTI, the Leghorn in Tuscany. While agreement between the metal workers and employers has been reached on the controversial question of labour mobility, renewal of the threeyear labour contract has been blocked by union demands for shorter working hours, and their rejection of employers proposals for greater flexibility on over-

time There are further difficulties with union requests for a greater say in company investment policies, and for more information on future company

The metal workers are also asking for monthly salary in-creases of some L30,000 (£16.50) which employers and monetary authorities consider to exceed the original target of preventing any real rise in. The union leaders in a sense, wages during the next three are orchestrating the latest out.

Both employers and the authorities have

The metal workers contract forms part of a major round of negotiations for some 10m pri-vate and public sector workers. But their contract has in the past generally set the pattern

for other settlements.

In the past 12 months, the union leadership had advocated more flexible labour policies. But they have come under in. creasing pressure from a more militarit rank and file, which has now been distillusioned by the setback to the Communist Party in the general election last month.

Apart from the metalworkers, who organised a flanck on Rome" last month in which 200,000 trade unionists took part, chemical and construction workers also plan strikes thisweek.
The union leaders, in a sense

burst of labour unrest in an attempt to reach a settlement before the summer holidays and of cars manufactured abroad to make up for the reduced promentary authorities have before the summer holidays and duction in Italy after the restricted throughout the negotian avoid postponing the negotian attemption of the negotian attemption attemption attemption of the negotian attemption att

## Berlinguer admits poll errors

BY RUPERT CORNWELL IN ROME

the Italian Communist Party a break the central committee Berlingner declared, had been leader, has admitted publicly which contributed to its defeat sweeping changes in the Com- tal contradiction" of the past in last month's general election. He insisted, however, that the party should stick to its policy of the "historic compromise" with the country's Catholic and

Sig. Berlinguer was delivering his opening speech late on Monday night to a lengthy session of the party's central committee. Its 76-page text was only made available to the Press yesterday to allow the inquest on the election to start in as tranguil an atmosphere as possible.

will reconvene next week to slow to see the threat endorse what are likely to bemunist leadership to accompany thre years when the party had the party's return to opposition. been associated with the Covabstaining, and then joining, the renewal could majority backing the Christian along the way. Democrat Government had been Too many pa

SIG. ENRICO BERLINGUER, heated and acrimomous. After ment. But the party itself, Sig. He admitted the "fundamen-

> Sig. Berlinguer's argument erment, but in no way responsible for its policies — and constrategy after its triumphant ceded that the Communists abstaining, and then joining the renewal could have been lost majority hashing the Christian alexantic transports beginning the content to the content of the conte Too many party workers he

right. But the way it had put said, had become bureaucratic. this policy across to its sup-ally minded, especially after the porters had been wrong. strong regional government and orters had been wrong. strong regional government af-Part of the trouble had been vances of the early 1970s. At the orchestrated counter-attack the same time much of the by anti-Communists of every leadership had come to worry hue, to undermine the policy of more about relations with other The discussion for the rest national unity, and prevent the parties than about the sup-of this week certainly will be Communists entering govern-porters of the Communist Party:

## Turkish Right in role of victim

BY OUR ANKARA CORRESPONDENT

that of victim.

Alpasian Turkes, the acknow-ledged leader of the extreme Right, left two dead and three injured. A prominent party member was seriously injured in Gonen, north-west Turkey vesterday. His brother was

killed. According to Mr. Turkes's supporters, 200 party members, including 43 regional leaders, and a total of 2,000 Rightwingers have died since Mr. Bulent Ecevit came to power 18 months ago.

An independent estimate how-

ever gives an overall number of political deaths of 1,500 dead, 426 of them this year, for the same period. Most of the total were Left-wingers or, at least, opponents of the extreme Right. The latest attacks have prompted President Fahri Koruturk to call Mr. Hasan Fehmi Gunes, the Interior Minister, to the presidential palace. The Ministry has been criticised by

FURKEY'S Right-wigg extre Soon after taking power, Mr. black market; and then rob mists, long regarded as behind Ecevit brought the rural gendar banks, kill opponents, or raid much of the political violence merie into some cities to take the party headquarters or

> were believed to form the core of the Turkish People's Liberation Party/Front, a Marxist group advocating armed revolu-

The police and security offi-decreased markedly in the cials find it hard to track down smaller towns under military the youths who buy sophistic regime, only to move to proceated weapons on a flourishing vinces under civilian rule.

in the country, are complaining over several police responsibili-meeting places of their political bitterly that their role is now ties. Mr. Gunes claims that the Under-trained, badly armed

A bomb and machine-gun record of the police force has and often divided by political attack at the weekend on the headquarters of the Nationalist months and that a large number with the terrorists. Even though of terrorists have been arrested a number of Right-wing Recent police actions included terrorists have been caught and the arrest of 45 people in sentenced others have escaped Ankara Istanbul and Izmir, who from custody

Martial law in 19 of Turkey's 67 provinces has done little to reduce the overall volume of violence Since it was introduced in December violence has

## Gibraltar 'a vital area'

point of view, Gibraltar is a Utrecht.

vital strategic area and it is But Spain stitud in turn
more important than ever that accept that there can be no
the Strait be kept clear for change in sovereignty without

FROM A European defence under the 1713 Treaty of

allied shipping, according to the Gibraltarians agreeing The General Sir William Jackson. Spaniards, be added, do not Gibraltar's governor and com- seem to believe that Britain's mander-in-chief. Ministry has been criticised by both Right and Left for several years. The police, in particular, have been accused of being inefficient, partisan and corrupt.

Gibraltar's governor and com- seem to believe that britain position on Gibraltar is based on the self-determination of its have been accused of being inefficient, partisan and corrupt.

Jonathan Carr reports from Bonn on the Christian Democrats' surprising choice of a champion.

## Herr Strauss gets his chance at last

German opposition parties have decided that Herr Franz-Josef Strauss will be their candidate for the Chancellorship in the general election next year. It promises to be one of the most dramatic—and possibly bitter— election campaigns in Federal Germany's 30-year history. It will certainly be followed with intense interest, and some con-cern, beyond West Germany's

But why does the decision to select Herr Strauss appear so astonishing? After all, at the age of 64 he has a notable career behind him. In the 1950s and 1960s he served in Bonn as, among other things, Minister for Atomic Questions, Defence Minister and Finance Minister. He has an agile brain. He can be a splendid orator, and he has led his own party, the Christian Social Union (CSU), to outstanding electoral success in his home state of Bavaria. He has an international reputation which years away from ministerial office have failed to erase. And many independent observers see in him the opposition figure most likely to test Chancellor Helmut Schmidt

That said, the fact is that the

THE ALMOST impossible has union (CDU). Surely the CDU happened after all. The West German opposition parties have runner against Herr Scimidt? And how did Herr Strauss manage to persuade it to act otherwise?

The answer is twofold. First, the current CDU chairman, Herr Helmut Kohl, was Chancellor candidate at the last elec-tion in 1978—when he parrowly missed displacing Herr Schmidt. Since then, he has signally failed to unite around him a party which has always been composed of highly disparate elements which beautiful and the second secon elements which require an iron hand (like that of the party's first leader, Dr. Konrad Adenauer) to control. Secondly, even allowing for

the weaknesses of Herr. Kohl's leadership, it is widely felt that he received far less support as party chairman and as leader of the opposition group in Parliament than he had a right to expect. Many senior figures in the CDU have been quick to criticise Herr Kohl. But their personal rivalries—as well as the fear that they, too, might stand no chance against Herr Schmidt in next year's election -have prevented any clear new CDU leader emerging. More than a month ago, Herr Kohl made clear he would not run



Herr Franz-Josef Strauss, the West German Opposition's new candidate for Chancellor, opens a party board meeting on Monday. Herr Edmund Siolber, secretary-general of the Christian Social Union, is on the right.

plenty of CDU rivals himself. ate the opposition scene. The Herr Strauss thus moved into upshot was the vote on Monday what was largely a leadership night, after nearly seven hours vacuum. By sheer single of stormy debate, when he mindedness and the unswerving clearly defeated Herr Albrecht support of all his CSU followers, -thereby, incidentally, further CSU exists only in Bavaria and again as Chancellor candidate combined with a clever exploitation of the divisions in the Herr Kohl as CDU chairman, one with which it is allied in Ernst Albrecht, State Premier allied party's camp, he has Bonn, the Christian Democratic of Lower Saxony, who has managed increasingly to domin-

and herr straiss is mmy associated with the Right-wing. For all his brilliance; he is often seen as an unstable figure—a reputation partly born of the notorious Spiegel affair in 1962, over which he lost his post as Defence Minister. It is not any the Covernment could the

They believe, with good rea before the lattest oil price in son, that the decision in favour crease. Any marked economic deterioration heat year would than ever to unite the clearly help ine opposition present Government Coalition. never met with success. But with Herr Strauss heading the election batile, every last hope of gaining additional liberal

fact, be able to unite the whole CDU who expect Herr Strauss to CDU-CSU around him for the election fight. And even if he that he will be put out of any does, could be lead the combined opposition to victory?

There are many who believe the answer to both to be "no."
The CDU derives much of its support from the middle ground, and Herr Strauss is firmly associated with the Right-wing are in a proper them.

such calculations can easily go wrong Very few would have tipped Perr Strauss as Chancellor exadidate—let alone. Chancellor even a few months.

ago.
There is no doubt that he as Defence Minister. It is not only the Government coalition parties, the Social Democrats (SPD), and liberal Free Democrats (FDP), who are recalling such incidents now from Herr Strauss's past. Many at the grass-roots of the CDU are unhappy too.

Were not very optimistic, even before the latest oil price in

Admittedly, Herr Kohl's long. Herr Strauss has repeatedly term strategy to try to split the been written off in the costse Coalition, and thus displace it, of his long political career. But of his long political career. But each time he has come bouncing back, apparently stronger than

FINANCIAL TIMES, published daily, succept Sundays, and helidays. U.S. subserption seems \$55.00 per sundays. Second 48 seems and seed at New York, N.Y. and at additional smelling.

## Harlech finds 'common ground' on Rhodesia

BY TONY HAWKINS IN SALISBURY

HARLECH. Thatcher's special envoy to Zimbabwe Rhodesia claimed yesterday that he had been able to detect "common ground between the black front-line to the 1979 constitution and states and the Muzorewa govern-

ment in Salisbury. Speaking to reporters on arrival in Salisbury before meeting the Prime Minister, Lord Harlech said the front-line state of Zembia Bernara Tenstate of Zambia, Botswana, Tanzania, Angola and Mozambique recognised that progress had been made, although the black states would differ among themselves as to progress achieved. Lord Harlech said he believed that there had been a considerable advance—the elections, the and British Governments that the situation was under establishment of black majori- designed to secure international control. ties in Parliament and in the

that there was an opportunity to restore peace to the region, he for the Communwealth as a attache and he would brief Bishop whole, Lord Carrington, the wealth.

agreed to lift their ban on pro-

viding first asylum to Viet-

The agreement came after

preign ministers of Thailand.

alaysia, Indonesia, Singapore

Ad the Philippines held two

f State and Mr. Sunao Sonoda.

been no firm agreement.

of No ys of talks in Bali with Mr.

pear yrus Vance, the U.S. Secretary

Hone Japanese Foreign Minister. Costa ASEAN officials said there

Meditcigh they had agreed to

awaite ew their policy after the

by B3 and Japanese approach, riot ra Indonesian official said it

Fren s up to each country to

The ASEAN countries, in a

end, endorsed their original

decision to turn back to sea any

new Vietnamese boat people.

arrivals.

rogramme is speeded up. U.S.

n officials said yesterday.

Salisbury expect him to spell Government. out British demands for changes perhaps, to seek a pledge by Bishop Muzorewa to attend all-

make a statement when he leaves Salisbury today—" not even to say whether I am optimistic or pessimistic." Bishop Muzorewa is due to fly to Washington and London

this week for talks with the U.S. recognition and the early lifting

mine how the British government could build on the advances already achieved so that the country could return to legality with the maximum amount of international recognise of fears for her safety.

The Indians are hoping that some compromise can be reached because of fears for her safety.

Mrs. Muzorewa on his contacts with Foreign Secretary, told a Press other black states, including conference at the end of two Nigeria. Political observers in days of talks with the Indian

The Queen was Head of the Commonwealth and the decision would be taken in the light of "concerted opinion" of all Commonwealth Heads Government, he said.

Lord Carrington said that there was anxiety over security in Lusaka as a result of the presence in Zambia of 15,000 Patriotic Front guerrilla opponents of the regime in Salisbury. He hoped that President Kenneth Kaunda of Zambia would be able to reassure all Commonwealth Prime Ministers

Lord Carrington said he hoped Cabinet and the swearing of a of economic sanctions.

Black President and Prime Reginald Dale reports from ment had reduced differences Minister. His task was to deter
New Delhi: Britain is working between the two countries on the Zimbohus Rhodesia issue.

Queen's visit to Zambia would stressed the importance they for the Commonwealth as a attache to a strong Common-

#### South Africa's neighbours ASEAN offer on boat people aim to lessen dependence BALI-The five members of the Association of South-East Asian Nations (ASEAN) have

BY OUR DAR ES SALAAM CORRESPONDENT

hegemony over its black-ruled namese boat people, provided that the refugee resettlement neighbours to the North is the barrassing dependence on the target of a conference which white-ruled South. yesterday in the opened northern Tanzania town of

> The five "front-line States," Tanzania, Botswana, Angola, Mezambique and Zambia, have asked representatives of about 20 Western aid donor nations and such international bodies as the World Bank, the European Community and the United Nations to help forge that they hope will develop into a new economic grouping to confront Pretoria.

The two-day conference, of a southern African development bank.

and the development of trans- planning.

SOUTH AFRICA'S economic port, regional co-operation and industrial ties to lessen the em-

> Officials have stressed that the aims are essentially long-term. They envisage a 10-nation grouping to include Namibia, Zimbabwe Rhodesia, Lesotho, Swaziland and Malawi, as well as the front-line states. eventual emergence in Wind-hoek and Salisbury of administrations acceptable to the black-

The formation of a regional development bank is a key proposal to be put before the conference. The bank could be opened by Sir Serctse Khama, created, perhaps, by extending Botswana's President, is extended to result in the setting Development Bank. It should, delegates say, be more than just a financial vehicle and it should The front-line Ministers hope deal with industrial and agriculthe West will help finance this tural integration and regional

## Bazargan Cabinet gains in authority

I like that the search and

By Andrew Whitley in Tehran

IRAN'S Prime Minister, Dr. Mehdi Bazargan, has emerged with his authority strengthened after a series of political meetings among the country's ruling

aroups.

An official communique on a conference held in Com between the Cabinet and Ayatollah Khomeini on Sunday, says new agreements were reached on the need for unity in decisionmaking. On the crucial issues of

power-sharing and individual authority a compromise appears to have been reached. There is to be no cutback in the role of the Revolutionary Council or the right of senior clergymen to make pronouncements on current issues. Nor are local revolutionary committees to be dis-solved, as was being demanded. Up to now they have been responsible only to Ayatollah Khomeini through a nominated intermediary, Ayatollah Mab-davi-Kani, but there are indications they may come under the

Government in future. Dr. Bazargan's provisional Government is likely to be seen to be taking on more authority in its own right, in the opinion

ately by another session between

One outcome has been the lifting of an official ban on the foreign exchange earner and a arrest or prosecution of major contributor to Govern-criminals in the capital. The ban ment revenue, was neglected. was ordered last Saturday by Gross domestic product shrank Tehran's senior Government by 5 per cent in real terms legal officer. Mr. Abolfazl between 1975 and 1977 and Shahshahani, in protest at the Ghana's balance of payments refusal of the committees, problems mounted. At the end

The Qom talks were followed up on Monday by a Cabinet Akuffo Government by Flightmeeting to discuss the outcome Lieut. Jerry Rawlings and his and by a top-level conference in Colleagues, new uncertainty Qom between the country's four hangs over Ghana, both politi-Madari, Go!payeghani and Marashi-Najafi.

solidating a unified approach to and profesering. the next few months, when the constitution will be settled.

Ghana's first general elections has been added to an economy ment programme to almost lop any more off, they may kill in a decade were held two weeks already grotesquely awry. The nothing, the Government still the tree."

## An economy in need of direction

tion plan for the economy. By the end of the day it was no longer clear who the govern-ment was. A military coup had toppled the previous armed forces regime and everything was in confusion. As soon as the airports re-opened the team

Technically, the fact that the policy review talks did not take place put Ghana in breach of its agreement with the fund. But far more serious for the country is that when the IMF team left, so did any immediate hope of restoring international confidence in Ghana. The slim signs of recovery vanished.

Those signs of recovery cmerged last year after an earlier coup when Gen. Fred Akuffo ousted Gen. Ignatius Acheampong as head of state and began putting together the stabilisation plan in consultation with the IMF.

Reform was long overdue. During the six years Gen. Acheampong was in power the country was greedily plundered by both military and civilians and what should have been a healthy economy based on cocoa receipts was turned into a textbook case of mismanagement. For the three years up to 1978

the Government ran increasingly large budget deficits which it financed largely by printing of the Iranian Press.

The Cabinet's meeting with Khomeini was followed immedicarresponding rise in the supply of goods. Ghana had triple figure the religious leader and the inflation by 1976-77. It has stayed Revolutionary Council, which there ever since. At the same was also attended by Ayatollah time, the productive sectors of Mahdavi-Kani and the revolu- the economy were starved of

Even cocoa, by far the biggest backed by clergymen, to of last year it had an estimated co-operate with the Government deficit on current account of authorities.

SDR 68.3m (£40.4m).

With the overthrow of the Qom between the country of the series of the Akuffo, together with seven No details have been disclosed, others, and more than 40 people but the meeting of religious leaders is believed to have been concerned primarily with conmic crimes, such as hoarding

On Monday June 4 an Interna- after the Rawlings coup and a immediate effect of the new failed to keep within its targets tional Monetary Fund team was civilian parliament is now wait- policy was to increase for controlling the budget in Ghana to see what progress ing in the wings, hoping that it consumption and Ghana's deficit. At one stage is looked had been made on a stabilisa- will be able to take control on limited supplies are in danger as though the deficit might be October 1, as promised by the new Government. But at present there are no signs of coherent economic policy coming from either the civilians or the

military.
The mood of uncertainty is reflected abroad. Lines of credit and loans agreed before the Rawlings coup are going ahead as planned, including a soft loan from Britain, wheat from the U.S. and West German commodity support.

But neither foreign govern-

ments nor the private sector limits on foreign borrowing and are showing any inclination to an agreement to pay off invest in the future, whilst mounting arrears of short-term Lebanese traders, fearing the wrath of the new government, have decided to lie low or quit failed to keep within most of the country.

The new governing body, the



Armed Forces Revolutionary Council (AFRC), has already made one departure from the IMF stabilisation plan, which included elimination of price tionary prosecutor-general, Mr. foreign exchange for spare parts controls to allow goods to find Mehdi Hadavi. a realistic price level in keep-

ing with supply. Soldiers have blown up the houses of hoarders, flogged market traders accused of charging excess prices and have threatened to setze the goods of this year. The priority sectors, any store keeper who does not raw materials and spare parts. open as normal. Although the sincere effort to root out corrup- and large, although foreign tion and keep prices down has exchange was extremely tight. proved very popular with Ghanaians, it seems likely to be followed by severe shortages.

The justification given for the move was that Ghana's long distributive chain meant that goods reached the market way 1977-78 deficit had been above the controlled price, financed by the banking system, Price controls were easy to mostly by printing money, and exercise at the factory gate or was by far the biggest contribuin the big supermarkets but tor to the growth of money impossible in the teeming, supply. Broadly defined money rowded local markets.

Supply rose 69 per cent in But by forcing traders to sell 1977-78 and 45 per cent the crowded local markets.

stabilisation plan which the Akuffo Government was implementing. The package included a highly unpopular devaluation which more than halved the external exchange rate of the cedit, a tight budget aimed at slashing the Government's deficit, tight monetary policy, controls on imports. debt.

The administration, in fact, the guidelines set by the IMF but its performance was a

Ghana's confused political and economic climate after the junior officers' coup last month is examined by MARK WEBSTER. reporting from Accra. With a newly elected Parliament waiting in the wings and a military regime intent on waging war on corruption, the need for a coherent economic policy appears to have been overlooked.

marked improvement on the previous year. The 1978-79 budget

designed to try to curb the import of non-essential consumer goods. The import bill was to be restricted to the same levels as the previous year (\$900m), while a system of priorities in granting import licences was established and came into effect from January received their allocations, by Just as important was the Government's determination to reduce its budget deficit to C800m (\$291m) from a staggering C2.1bn (\$764m) the previous year. Two thirds of the

limited supplies are in danger as though the deficit might be as little as 500m cedis but delays in shipping the annual cocoa crop and a shortfall in production has meant that highly controversial one, in the revenues have been both late and below estimates.

The actual size of the deficit is still unknown but with revenues only coming in slowly the Government was also unable to make much impact on arrears of international debt. Ghana's total debt of around \$1bn is not considered unmanageable by economists. But \$471m is short-term debt, mostly in respect of commercial bills for imports. Observers here agree that Ghana's biggest mistake has

been to allow the traditional export industries to run down. Cocoa, timber, gold, diamonds and manganese which account for almost all Ghanaian exports have been in decline for a number of years. The only addition to the economic base of the country over the past 70 years has been a few import substitution industries which have proved highly dependent on imported raw materials and very inefficient

Nowhere is the neglect of the export industries better seen than in cocoa production, Cocoa accounts for 70 per cent of foreign exchange earnings and contributes more than one-third of Government revenue. Yet production this year will be the lowest since 1959, at around 250,000 tons. That compares with 270,000 tons last year and 320,000 tons in 1976-77.

Production has been hit by smuggling to the hard currency countries of Togo and Ivory Coast lack of care of ageing trees, widespread disease and a lack of inputs. But perhaps more serious is that farmers are finding cocoa-growing unprofitable and are moving instead to food crops abandoning cocoa completely. Despite the fact that the producer price was doubled in last year's budget, inflation means that the real value to the farmer has sunk from C560 per ton in 1975 to C315 per ton last year.

Ghana desperately needs a coherent overall ecodomic strategy to cope with its multi-tude of interiocking problems but it does not have one from the present military rulers, nor from the civilians. As one diplomat put it: "The trouble with Ghana at the moment is that no one is getting to the root of the problem. The preoften at below the prices they previous year. sent Administration is just paid, another serious distortion Despite slashing the develop- lopping off branches and if they

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## Kissinger attacks Rhodesia policy

By David Buchan in Washington

HENRY KISSINGER. the former Secretary of State, has sharply criticised Presi-dent Carter's Rhodesia policy as favouring "the radicals against the moderates," and for taking a position on trade sanctions that could make Britain "the fall guy" if the UK Parliament lifts the boycott in November.

Dr. Kissinger, in extended interview largely on Africa policy published by the Washington Post yesterday, said he was speaking now because the U.S. still had ome margin of manoeuvre on Zimbabwe-Rhodesia.

While it was prudent, he said, for the U.S. to keep in line with the British on sanctions, it was wrong for the Carter Administration. by retaining sanctions almost without condition, to have placed the entire moral responsibility " on Britain.

Kissinger, interest while in office was drawn to Southern Africa by fears that it would become caught up in the global East-West competition, com-mented: "We run the risk of verbal position that is radical, a practical position that is impotent, and a theory justifying Cuban and Soviet intervention whenever they judge it is time to heat up conditions again."

The former Secretary of also criticised Administration's policy towards Nicaragua—though he did not put President same category as the Shah of Iran, who, he has earlier said. was insufficiently backed by

the U.S.
"My impression is we dld enough to unsettle the existing Government, but not enough to put over a moderate alternative, if there is onc. I could have understood a decisive move to replace Somoza with a moderate element, but this would have required the kind of covert action so much decried today." he said.

Dr. Kissinger's interview contained nothing on the SALT treaty debate, on which he is expected to have some influence. He is considered a possible Republican contender for a Senate seat in either New York State or Connecticut next year.

## Dissension in White House W. Germany over energy proposals

nation on energy tomorrow night is more likely to concentrate on the analysis of current problems than on specific policy

Mr. Carter will almost cer-tainly outline, though not necesdevelop alternative sources of

he will want to emphasise to stration is not agreed on the public, and to Congress, the need for "a bold and forceful York Times, for example, programme that, under the reported yesterday that there scrutiny of the Congress and the public, will be highly acceptable," as he said on Monday.

Intelligence that there reported yesterday that there was deep dissatisfaction inside the White House over the way energy policy has been handled by the Energy Department.

There have been signs that it was a few months ago. The House of Representatives which counsellor and chairman of the has already passed a windfall energy task force operating in- the plan earlier in the spring.

ally televised address to the than the President proposed, is President has now set up a nation on energy tomorrow moving rapidly to enact synnight is more likely to concented the co seems more willing to give Mr. Carter standby authority.

Meanwhile, Mr. Carter this tainly outline, though not neces-sarily in detail, what he con-extra powers to move petrol siders to be the desirable next supplies from rural areas, where steps—including a standby shortages are less common to petrol rationing plan, which the starved cities. He is also was turned down by Congress about to put into effect regulating and a major drive to the starved cities. It is also about the put into effect regulation and a major drive to the starved cities. tions limiting thermostat set-tings in public buildings.

But these moves do not dis-

But as much as anything else, guise the fact that the Admini-

Much additional power over Congress has become more repolicy has already been given ceptive to action on energy than to Mr. Stuart Eizenstat, the President's domestic affairs

PRESIDENT CARTER'S nation- profits tax Bill which is harsher side the White House, and the

to give Mr.
rationing
Carter's advisers, whose discontent with Dr. James
Carter this
te governors

Carter this
te governors months, are now reportedly seeking the removal of Mr. John O'Leary, his deputy. The Energy Secretary himself

might be in line for reassign-ment or sacking, but for the fact that many of the President's political advisers are afraid that he would immediately become a leader of the opposition to the SALT II agreement. Moreover, in spite of some

improvement in communications between the White House and Congress stumbling blocks Congress, stumbling blocks persist. Senator Edward Ken-nedy from Massachusetts, for example, yesterday released a library of Congress study claim-ing that the costs of decontrolling oil prices over two years were already 80 per cent higher than when Mr. Carter announced

## General Electric pays 30%

BY JOHN WYLES IN NEW YORK

this time covering 117,000 General Electric workers, appears to have breached the Carter Administration's pay policy. Tentative agreement has been reached at GE on wage unofficially estimated as worth more than 30 per cent over three

With negotiations between the United Auto Workers and General Motors starting on July 16, the GE settlement has gloomy implications for securing a car industry deal in line with the policy of limiting increases to 22.5 per cent over three years.

General Electric, like General Motors, has been a prominent supporter of the Administration's anti-inflation policy, but year instead of annually. faced with two unions prepared to strike and with prices rising The UAW will be seeking right to impose such a penalty.

YET ANOTHER major pay deal, at an annual rate of more than similar improvements to its cost 13 per cent, it appears to have of living agreements with CM, turned a blind eye to the guide-lines. Ford and Chrysler, while the rubber workers have already

> GE would not confirm yesterday's unofficial estimates of the B. F. Goodrich, Univoyal and size of its tentative agreement, but its ultimate benefits will depend on inflation over the next three years. The agreement contains a cost of living formula which has been modified to yield more generous increases than in the previous agreement.

Thus wages will increase by one cent per hour for every 0.2 per cent rise in the consumer price index instead of a cent for every 0.3 per cent increase, and wages will be adjusted twice a

won this and other concessions in their recent agreements with Firestone Tyre and Rubber. The Council on Wage and Price Stability decided last week that these deals were probably not in compliance with the guidelines and raised the prospect that the

The legality of withholding contracts from recalcitrant companies has now been upheld by the Supreme Court, which has refused to hear an appeal against a lower court ruling the Government's

offending companies could be

denied federal contracts under

the sanctions provisions of the

## Go-ahead for reactor 'will not be rushed'

BY DAVID LASCELLES IN NEW YORK

Three Mile Island to start up President Carter's visit to Seoul again. Ordering that the reactor last weekend. remain shut down, it said that t would issue another order in must meet.

The Three Mile Island numer 2 reactor broke down on March 28, precipitating the worst nuclear accident to date in the U.S. The number one reactor was shut down for refuelling at the time, and has not been allowed to start up again. Similar reactors huilt by

THE Nuclear Regulatory Com- actors. This means the order mission indicated yesterday that would go to Westinchouse, probit will not rush into allowing ably with \$1.4ba-worth of Eximthe undamaged No. I reactor at bank loans. The report follows

Reuter adds from Manila: The U.S. is withholding export per-30 days, detailing the operating mission on parts for a Philip-conditions which the reactor pine nuclear power plant until pine nuclear power plant until it is sure that safety standards are met, as part of a worldwide policy, Mr. Richard Murphy, the U.S. ambassador, said.

He confirmed statements by Westinghouse, which is building a \$1.2bn nuclear power plant here, that export permission for some of the plant's components had been delayed.

Babcock and Wilcox ensures were also ordered to be shut down until modifications were west of Manila, has been suspended by President Ferdischer were pending a public South Korea is about to place inquiry into all safety aspects orders with the U.S. for its after the Three Mile Island seventh and eighth nuclear re- accident.

## Sandinistas take

garrison MANAGUA — Sandinista guer-

National Guard garrison in Matagalpa, 55 miles Northeast of Managua, after controlling keeping Government troops pinned down in their barracks. The Government claimed to

launched a counteroffensive to retake Masaya, 20 miles South of the Capital, but reporters in the area found minimal National Guard National

The Sandinistas regrouped in Masaya over the weekend after withdrawing from Managua's eastern slums, which they had held for two weeks.

Mr. Lawrence A. Pezzullo, the new U.S. Ambassador to Nicaracua, has returned to Washington for consultation ofter five days in Manague, unsuccessfully urging President Somoza to

## **BRAZILIAN OVER-POPULATION**

## Where babies breed poverty

BY DIANA SMITH IN RIO DE JANEIRO

BRAZIL is moving cautiously towards an official policy of limiting population growth, after decades of belief that rapid expansion of population would increase the country's international influence.

Between 1850 and 1960 the population of Brazil, which covers 5.5m square miles (over a third of South America) grew by 881 per cent. to nearly 71m. Nineteen years later, the population has risen to 120m, with 60 per cent in urban areas —almost the reverse of the 1960 urban-rural distribution.

Until recently it was maintained that, with the country's immense size, uninhabited northern areas and potential natural resources, 250m people or more would be acceptable.

It is clear, however, that officialdom no longer favours huge population at all costs." Chronic inflation and the diffi-culties of creating over 1.6m new jobs annually, coupled with the need for at least 600.000 new homes and adequate public services, have become all the more glaring when oil crises squeeze public funds, worsen balance of payments deficits and inflate the foreign debt to \$43bn.
Breaking with tradition, the 1974-79 administration of General Ernesto Geisel, introduced divorce despite Church protests, and set up a modest programme in the cities to reduce high-risk prognancies. The

overwhelming majority of preg-nancies in poorer women fall into this category. ing the poor in basic family planning. If requested, they will tie off fallopian tubes or perform vasectomies. They report exhausted by excessive pregnan swamp the country. cies, but little demand for

vasectomies; this is largely due, they say, to fears of diminished virility. The new President, General

Joso Figueiredo. unlike his predecessor who was a Lutheran, is devout Roman Catholic. Nonetheless he appears ready to take family planning among the poor a step further: he has pro-"responsible parent-

hood" as a key policy.

The President's use of this term has upset Catholic leaders, who voice hopes that widespread official promotion will not be given to contraceptive methods of which the Church dis-

approves.
Nevertheless, the Health
Ministry is drawing up a
national "responsible parenthood" programme, to be coupled with free distribution of pro-teins. Reports by private family planning bodies are being taken into official consideration, but how much they will be acted on is still unclear.

The urban family planning clinics, run by a private founda-tion, now offer instruction in contraception to a predomi-nantly middle-class clientele. who increasingly ignore Church strictures.

With more stable birth rates among the upwardly-mobile, the problem of Brazil's population growth lies in abnormally high birth rates among the poorest, unhealthiest strata.

At least 40m Brazilians live below the poverty line, defined as a family income of \$800 a year. Unless this "submerged third" can be helped to limit nto this category.

third can be helped to limit

Doctors are discreetly instructag the poor in basic family diet, the vicious circle of areas to feed their inhabitants
alanning. If requested, they will malautrition, excessive births, has resulted in the massive rate, which reaches 200 per chronic poverty and malautrition to Brazil's cities in 1,000 births in the north-east.

The problems



Brazilian children eat a meal supplied by the U.S. Food

number of children left to fend fewer have sewage systems for themselves. Officials admit There are not enough schools that Brazil has 15m abandoned children, but unofficial sources staff to cope with the put the figure at 17m. This conover 3m births a year. tributes in turn to a soaring

rate of juvenile crime. tion will not only continue, the last 20 years, constantly It is estimated that it would heavy demand for sterilisation sociologists say, it will spread increasing the strain on take a generation to stabilise from impoverished women until the problems of the poor inadequate urban infrastructure the population on a family planer, and the problems of the poor inadequate urban infrastructure the population on a family planer, and the problems of the poor inadequate urban infrastructure the population on a family planer, and the problems of the poor inadequate urban infrastructure the population of the poor inadequate urban infrastructure.

There are not enough schools, teachers, doctors or welfare staff to cope with the effects of

Ironically, almost the only thing containing even faster or the prot growing wide-

## wary about influx of large cars

By Leslie Colitt in Berlin

NOT LONG ago an American car with West German licence plates had a distinctly underworld connotation to West Germans, who associated Detroit's "road cruisers" with ladies of the night and Levantine carpet merchants. Several declines of the dollar later, the American car is selling to respectable West Germans, who have decided that it is a relatively cheap way of upstaging the Schultzes next door.

West Germany has overtaken Switzerland and the Benelux countries as the leading European market for U.S. cars, although the 7,000 or so cars sold last year would not appear to warrant concern in e executive suites of West German carmakets. however, under-estimates the West German tendency to detect far off dark clouds in an apparently blue sky.

Some West German car industry officials see the current trickle of American car importsexpected to reach more than 10,000 cars this year and 40,000 to Europe—as the open-ing wedge of a widening stream of American cars on the European market. They recall that in the 1920s Ameri can cars rolled over the European competition and that per labour costs are now again in favour of the Americans.

#### GM sales success

As General Motors sell by far the largest number of American cars in Europe the West Germans are wondering if its new X-body European-size cars are not actually competing with GM's West German-built Opels which sell at considerably higher prices.

Until now, however, the West Germans have been buying larger American cars such as the Chevrolet Malibu, which is about the size of a Mercedes 280SE and which costs roughly half the price.

The buyer of an American car wants comfort and size so that people will be impressed at what he can afford," says Herr Wolfgang Arndt, a salesman at King Cars in West Berlin which deals in General Motors products.

But doesn't he also put a great deal of emphasis on quality? "Yes, but the price is so highly competitive—DM 7,900 (£4.475) for a basic Chevrolet Camaro — that the customer stops worrying about quality gets dependability and comfort," says Herr Arndt.

The trade-in value of American cars, he suggests, is about the same as for most large West German cars except Mercedes.

A growing number of direct importers, so called "grey dealers," are entering the market offering a Chevrolet Malibu Classic for DM 18,000 with standard equipment which a GM dealer would normally sell for DM 19,150.

### Shortage

Оле of them, Fauth Automobile in Berlin has been in business for half a year and says the main problem is getting enough cars. They simply can't get enough Buick Regals, which sell at be-tween DM 29,000 and DM 36.000. In a society where money increasingly determines a West German's place in it office and factory workers are also showing an interest in American cars, and often care little about the reputa-tion these cars might have for inferior quality."

One serious problem, according to dealers, is obtaining spare parts as the depots in West Germany, Belgium and The Netherlands are described as too small and customers are tired of having "every fender airfreighted from the States."

West German News reports on the new model American cars acknowledge that they are quiet, with "butter-soft automatic shifting" and power steering that makes them "ideal to park" for women. One auto tester even went so far as to say that driving an American car was "relaxing" and made it easier to take "warfare on the road" in West Germany.

Th most damaging test report on American cars appeared in the West German Automobile Association ADAC magazine. While automobile safety was "talked about much more in America than in Europe the X cars neglect almost everything associated with interior

### 'Unsafe'

safety in Europe.'

While the cars were "comfort-able to ride in," he said they should only be bought equiped with special shock absorbers for export as the American ones provide a ride that is "unsafe at any speed." Another West German who tested several of the new U.S.

cars summed up his impressions by noting that they were basically "consumer goods like a washing machine." One exception, he said, was cost between \$6.5hn and \$7bn the large six-cylinder engine this year of an estimated total acted as a deterrent to

## Nissan may exchange car technology with Europe

NISSAN MOTOR Company technology to any interested

Mr. Ishihara said he did not future. think that "purely Japanese". He suggested the supply of motor manufacturers (such as amission control know-how to Nissan and Toyota) could Buropean car makers on the Nissan and Toyota) could afford to remain isolated while. manufacturers elsewhere were entering into tie-ups of various. He noted that recent tech-

had involved companies of equal strength and half apt been merely examples of "the strong helping the weak" as in.

Nissan and Toyota, the two industry enjoys a substantial would be willing to supply its higgest Japanese motor manu-car exhaust emission control facturers, have steered clear of foreign involvements but Mr. Ishihara implied that he felt it technology to any interest. Ishihara implied that the European motor manufacturers, Ishihara implied that the company's president, Mr. T. would be wise for them to seek the company's president, Mr. T. would be wise for them to seek the company's president, Mr. T. would be wise for them to seek the company's president that the company is the mean manufacturers in the next

ground that this is an area in which the Japanese industry is technically strong while Europe is weak. This could be required by European 🛦 manufacturers nology-sharing agreements between motor manufacturers ecking to enter the Japanese

Mr. Tshihara did not say what Wissan would want in return but did indicate that the company plans to increase its pro-International tie-ups involving duction of frontwheel drive cars Japan include Honda Motor in future as part of the battle. Company's agreement with His to remain competitive in the

market.

Other areas which Nissan other areas which rissen he stressing include the design and production of small dieset and gines for passenger cars and the use of mini-computers to control fuel injection systems

Nissan conducted a sweeping reorganisation of its mana ment structure early this year. part of whose object was to be prove the company's capability in the field of product develop

The reorganisation included the appointment of six engineers to top management posts. The company also decided early this year to build a Y50bn (£104m) product design centre at Atsugi, outside

Apart from its drive to hir prove product design Missan in setting itself ambittous energy formerly British Leyland, and face of the U.S. motor industry's saving, targets. Mr. Lishinary the capital stakes of General advance into the small car said the company would attempt Motors. Ford and Chrysler in market Frontwheel drive tech to curt energy consumption by Motors, Ford and Chrysler in market, Frontwheel drive tech to curt energy consumption by Isuzu, Tokyo Kogyo and Mitsu pology is thought to be an 10 per cent in each of the next bishi Motors Corporation. Area in which European motor three years.

## EEC 'discrimination' criticised

BY HUGH O'SHAUGHNESSY

by the EEC in trade was sharply in Britain was because of re yesterday with the defence select criticised by Sr. Julio Cesar strictions imposed on its organisation of the Ministry of Turbay, the President of members by the EEC and the Colombia, at a lunch in London favoured treatment given to the vesterday.

President Turbay completes vention.
his three-day official visit to At the
Britain today with a visit to the for great
Longannet coal mine on the ment in t northern shore of the Fifth of Forth and lunch with the Queen at Holyroodhouse.

The Colombian leader who leaves for Brussels today, said that he would complain to the EEC about the obstacles standing in the way of the expansion of trade between the Community and the Andean Pact countries. At a meeting at the colombian port of Cartagena just over a month ago the pact countries Colombia, Venezuela, Ecuador. Peru and Bolivia—areed to give President Turbay swide ranging economic brief to beak on their behalf on his current

tour of Europe.

Sr. Turbay said that Britain's surplus on trade with Colombia raise Malta's quota for trousers over the past three years had from 400,000 to 800,000 for the shutdown by the Government gone from \$26.6m in 1976 to current year. Quota increases because of the dispute

signatories of the Lome Con-

- At the same time he appealed for greater British direct investment in the manufacture of high technology items and export prothreat to foreign capital in his

Britain, under the new

THE DISCRIMINATION "exer. 357.7m last year. He said President Turbay's defence cised in almost every sphere." Colombia's inability to sell more and finance ministers had taken

tee Department. Among the Colombian projects in which British industry hopes to participate are the exploitation of .Colombia's vas coal reserves in the Guajira ducts. There was no fear of any Peninsula and the building of underground railways Bogota and Medellin

## Malta to lift textiles ban

its ban on the import of textiles from Britain following a imports from Britain was taken. new accord reached with the last November when Britain in-EEC. The agreement covers new textile export quotas from ing a number of countries be Malta adhered to.

Mr. Dom Mintoff, the Maltese have also been agreed for Prime Minister, has announced blouses and yarn, Mr. Mintoff. that his Government will lift told the Maltese Parliament The decision to ban textile

sisted EEC textile quotas affect

Mr. Mintoff said Britain was arrangement, had agreed to now free to reopen the British Council offices, which had been

car trade

1978. ---

deficit rises

By Victor Mackle in Ottawa

CANADA'S automotive trade deficit with the U.S. leapt to C\$336m (£133m) in the first three months of this year up.

from C\$62m (£25m) in the same

period a year ago. At the same time, the deficit in automotive trade with other countries in

creased to C\$109m in the

January to March period up C\$31m on the same period in

The Statistics Branch of the

Canadian Government said that's a worsening of the chronici-

deficit in vehicle parts was to

blame for the latest decrease in

automotive trade with the U.S.

## Northrop awarded \$500m | Canada's U.S. **Boeing parts contract**

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BOEING has awarded Northrop fuselage panels and main deck the West German-French passenger and cargo doors for the Boeing 747 Jumbo jet. Transall consortium, Reuter reports from Takarta. Northrop has built these parts for the 747 for many years, and earlier this month

tons. Northrop also builds nine cargo and passenger doors for each 747.

Boeing said recently that total orders for the 747 to date amount to over 480 aircraft, 370. Boeing expects to build up ordered Racal-Milgo data com-to 1,000 747s by the end of the munications equipment for its

Meanwhile, Indonesia is likely of the U.S. a contract worth to buy three C-160 transport more than \$500m (£230m) to planes worth a total \$90m build a further number of (£43m) and manufactured by

Transall said the three planes

will be civilian versions of the model now used by the West completed delivery to Boeing of German, French and Turkish parts for the 400th 747.

German, French and Turkish air forces, and will operate air forces, and will operate Each 747 fuselage built by in Indonesia's Transmigration Northrop's Aircraft Division in programme, under which 2.5m people from over-populated Java of 27 different panels, the and Bali will be resettled in largest weighing more than two other islands over the next five years. It was hoped a contract for delivery of the three planes in early 1982 would be signed with the Indonesian Communications Ministry within the next

few weeks. with deliveries totalling over CLibyan Arab Airlines has 1980s.
Production, at seven Jumbos a month, is sold out through to early 1983, and orders are still flowing in at a record rate.

Indifications equipment for its seat reservation system, bring ing the total value of airline business won by the British concern in the Middle East and Africa to more than £1.5m.

## Impresit wins dam order

BY PAUL BETTS IN ROME

\$170m contract for the construc-tion of a dam on the river Rima in north western Nigeria.

This will be the second dam

This will be the second dam to be constructed in Nigeria by tion and agricultural develop-impresit for the Nigerian ment

IMPRESIT, the civil engineer- Sokoto-Rima River Basin ing subsidiary of the Turin Authority. based Fiat group, has won a Impresit has already com-

Imports of all automotive pen-ducts from the U.S.—including fully manufactured cars and trucks, as well as parts-increased to C\$3.81bn in the January March period, up 38 per cent from the same period a year ago. Exports rose 28 per cent to C\$3.47bn. Imports of parts from the U.S. rose 40 per cent to C\$2.54bn. while exports increased 37 per

cent to C\$1.38bn. France-Soviet contract SERETE, THE French engineering firm, has been awarded two contracts worth a total of FFr 63m (f6.8m) by Stanko import, the Russian state importing agency, reports AP-DJ from Paris One contract. worth FFr 42m, involves the supply of a unif for making frames for the construction in-dustry. The other, for EFr 2(m) entails the construction of a factory producing door-closing

## Oil demand raises Brazil deficit

BY DIANA SMITH IN RIO DE JANEIRO

The culprit is the 950,000 bar-rels a day of oil Brazil pur-chases abroad. OPEC price increases have thrown calcula-tions off balance, dashed hopes of a 1979 trade surplus or even a balance to offset the \$6.5bn current account deficit, and led to gloom in government circles which have abandoned the artificial optimism and masking of problems of past administra-

Even if there is not another OPEC increase before December and the authorities are not banking on this, oil imports will in certain cars, which he des-cribed as "quiet, smooth and This compares with cit outlass."

BRAZIL'S TRADE deficit for the first five months of this year increased to \$591m after a May deficit of \$148m. The estimated deficit for 1979 is now between \$1.5bn and \$2bn.

The culprit is the 950,000 barrels a day of oil Brazil purchases abroad. OPEC price increases have thrown calculations off balance, dashed hopes of a 1979 trade surplus or even of a 1979 trade surplus or eve there is virtually no hope of off-setting the oil bill. The Government is pleading with industry to save fuel oil—responsible for made over 30 per cent of consumption — Reanw of derivatives.

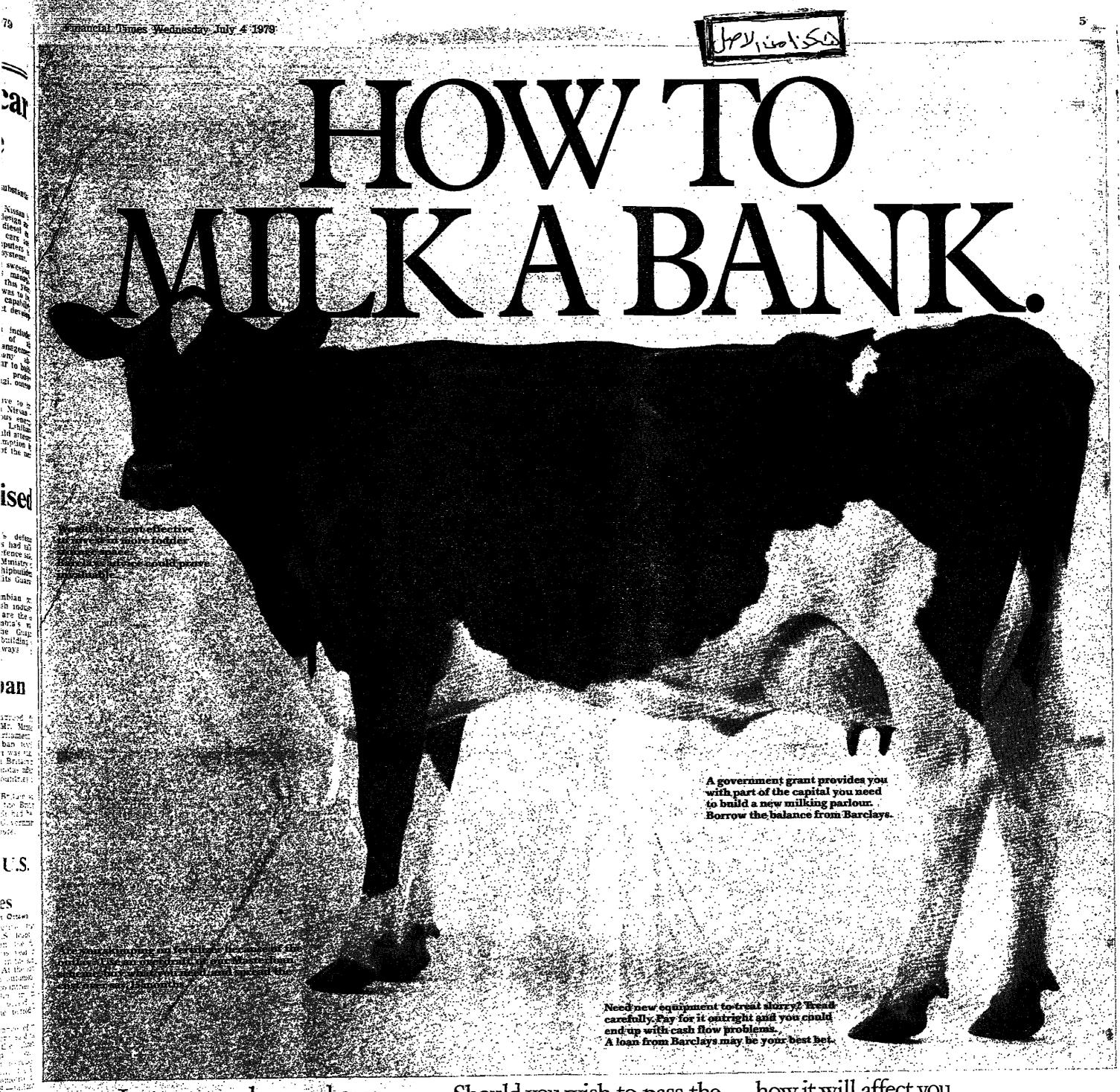
The price of petrol—24 per ing everything from coconuity, cent of all derivatives consumed cassava to wild quince as a fuel this year in August. So far, the higher price of petrol—mixed deny it, the likelihood of some with 20 per cent sugar carie form of petrol and fuel oil

interests are vying for access to Brazil's coal processing activities. No decision has yet been

Heanwhile, universities and technology centres are research

form of petrol and fuel oil alcohol does not appear to have rationing appears more prob-acted as a deterrent to able each day unless manufac-motorists. turers and the driving public-

**3** [ 5



Last year our loan and overdraft arrangements with farmers approached the £600,000,000 mark.

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A tidy sum which helped them finance new buildings, add to their stock, buy machinery and generally expand and develop their farms.

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how it will affect you.

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of old bull).

More to the point, if you need a loan and you have a good case, he'll put moneywhere his mouth is.

**BARCLAYS** 

AGRICULTURAL SERVICES

Janet Ballard when she was his personal assistant to destroy Then he returned to Mrs. files on the casino operation Ballard and said: "Let's go followin ga police raid at one through this," meaning her followin ga police raid at one

story under examination by Mr. Michael Kempster QC on behalf of the police. The police and the Playboy Club are objecting to the renewal of three of Lad-broke's London casino licenes. Mr. Kempster had warned the justices on Monday that Ladbroke might try to put forward scapegoat or "sacrificial ictim" but maintained that the alleged faults went right through to the centre of the Ladbroke Group.

Mrs. Ballard said that she was telephoned by Mr. John Morriss, a director of Ladup, who said that one of the offices was being visited by police and he thought Chancel House, Mr. Stein's office, might be next on the list. She reported this conversation to Mr. Stein when he came in

MR. CYRIL STEIN, chairman of and said: "Well, I have got the Ladbroke Group, told Mrs. Mr. Stein went into his office letters from Mr. Christensen and telephoned Mr. Morriss. 'of the group's offices, it was alleged at South Westminster magistrates' court yesterday.

Mrs. Ballard recounted the story under examination by Mr.

told her to destroy the files in

the shredding machine.

Earlier in her evidence Mrs. Ballard said that Mr. Stein was "very considerably involved" in Ladup, the main casino operating subsidiary of the Ladbroke Group. He chaired the monthly senior management meetings, she said, and would see Mr. Alex Alexander, the managing director, every day he

was in town.

She said she had seen a document about Mr. Andreas Christensen, once the casino marketing director, in Mr. Stein's briefcase. The document listed a number of items including the identification of car number plates, contact with non-members and "arrangements made on one occasion for next morning. He ignored her, a 'hostess' to be sent to hotel said Mrs. Ballard, walked past suites."

Also seen by Mrs. Ballard in Mr. Stein's briefcase were two one of them referring to "part-time females employed to

solve a particular problem." In the course of his cross-examination of Mrs. Ballard, Mr. John Matthew QC, on behalf of Ladup, said that Mr. Christensen had gone off to a newspaper reporter and given confidential information. found its way to Private Eye, the formightly satirical magazine. There had also been

leaks to the magazine "from some official sources," he said. Earlier Mr. Frederick Anslow, a member of Crockford's club, said he had been invited to dine at a Ladbroke club and Sergeant Robert Bean said he had obtained about 15 names of owners of prestige cars from the police computer for a single

Meanwhile in the High Court Lord Widgery, the Lord Chief Justice, Lord Justice Shaw and Mr. Justice McNeill refused leave for two Ladbroke subsidiaries to apply for an order prohibiting the South Westminster magistrates from hearing the allegations of corruption of

## Meriden unlikely to get £1.2m waiver

By John Elliott and Arthur Smith

GOVERNMENT expected to announce during the next few days that it is not prepared to waive payment of £1.2m interest on state loans that the Meriden motorcycle co-operative should have paid to the Department of

Industry by last Saturday.

This emerged last night after a 90-minute meeting between Lord Trenchard, Minister of State for Industry, and Mr. Geoffrey Robinson, Labour MP for Coventry NW who is the co-op's managing director. Mr. John Silkin, Labour spokesman on industry, also attended part

of the talks. Sir Keith Joseph, Industry Secretary, is now expected to give his final veto on the co-op's plea for the interest to be waived. This will then pose the problem of how much longer

the co-op can stay in business. The 720-strong work force has already agreed to 150 redundan-cies and short-time working. Production has been cut from 300 machines a week to 200 because of a mounting stock of

Mr. Robinson has insisted that, even with its problems of over-production, the co-op is on target for "a break-even finan-cial result." That projection, however, assumed the waiving of the interest payments.

He has repeatedly expressed confidence that support would be forthcoming from the Government. Shortly after the general election, he declared:
"I think the Government will be
sensible. If the money is not
there, we cannot pay it. To close us would simply mean that everything was lost." The £1.2m interest arises from

a £4.2m loan provided by the Government when the co-op was founded four years ago with the help and encouragement of Mr. Anthony Wedgwood Benn, who was then Industry Secretary. Another of the three co-ops founded at the same time, Scot-tish Daily News, foundered after only a short life. The third co-op, Kirkby Manufacturing and Engineering on Merseyside, has also closed and its assets are now being sold.

### Motorway food checks about to start

A TEAM of catering catering consultants is about to descend on Briain's motorway service stations to taste the food and inspect the facilities as part of an incentive scheme designed to reduce rents for operators

The eight-person team, from Greene, Belfield-Smith, a London-based catering and hotel advisory company, will report back to the Ministry of

Mr. Dennis Hearn, chairman of the committee of Motorway Service Area Operators, said that after the Prior Committee investigation into service areas, which concluded that rental contracts should be renegotiated his committee and the Department of Transport agreed it would be beneficial to have an objective system of rating the catering operations.

Over the next year studies

will be made by the consultants at different times of the day. and the services will be awarded points on quality of food, cleanliness and pricing.
Mr. Hearn said: "The depart-

ment will add its own observations. That will result in a point-scoring system upon which the department will base some of the reductions in rent recommended by the Prior

## Postal charges rise from August 20

BY JOHN LLOYD

THE POST OFFICE is to raise postal charges by 1p on domestic first and second-class mail from August 20. Parcel mail will go up by 14 per cent and overseas mail by 30 per cent on average.

The Mail Users' Association, which had threatened to refer the corporation to the Advertising Standards Authority if the increases were brought in before that date, yesterday claimed credit for delaying them for three

The association maintained that the Post Office would not honour its commitment to give mail users three months'

notice of tariff increases if it applied them before August

Telephone charges, which have been stable for the past three years, may rise later this year. The Post Office matrials, coupld with the believes that dearer labour and materials, coupled with the bisher released by the higher value-added tax announced in the Budget, may make it impossible to hold charges much longer.

Profits in the telecommunications business over the financial year 1978-79 will be at roughly the same level as last year's but significantly lower as a proportion of turn-

## EEC lends £93m in bid to boost coal output

FINANCIAL TIMES REPORTER

THE European Commission is Coal Board for a range of pro-

shire, Nottinghamshire and South Wales. Te funds will largely be used to open new faces and improve

facilities in existing pits. The NCB's investment strategy now tends to favour extending capacity in working pits, where output can be increased more quickly, rather than opening up new capacity, where delays are mounting. The project in-

re-organisation of to lend £93m to the National Wooley Colliery, near Barnsley, facilities will be conjects designed to increase out- structed to handle the output put and efficiency in Britain's from seven other collieries in

rates slightly below prevailing interest rates, will be used for 13 projects in Yorkshire, Lancashire, Nottinghamshire The opening of new reserves at Merthyr Vale colliery, and the development of anti-pollution measures and im-proved washing facilities at Aberpergwm central washery, in South Wales.

The provision of new loading and hoisting machinery at Markham Main, Shireoaks and Yorkshire Main collieries in Yorkshire, Thoresby Colliery in Nottinghamshire, and Bickershaw colliery in Lancashire.

## Two men charged with false accounting

BY MICHAEL LAFFERTY

ants Tansley Witt and the tax not arrested.

manager of William Press, the The charge audit firm's construction company client, were charged taxation offences involving pay-yesterday with false accounting. ments to labour-only sub-con-The move follows charges last

month against 11 William Press employees, including the managing director, Mr. Raymond Daniels, and the finance director, Mr. Alan Gravelius.
All are charged by the Inland Revenue with conspiracy to defraud the tax authority and have been released on bail of

A PARTNER in City account- day, Mr. Brian J. Buckley, were The charges follow a 15month investigation into alleged

> William Press has stated that it will "vigorously defend the charges." Tansley Witt refused

to comment yesterday.
Mr. Swaysland and Mr.
Buckley are charged with "false accounting" under Section 17 of the Theft Act. Each summons is returnable at Bow Street Magistrates' Court on Septem-ber 6—the date to which the The Tansley Witt partner, Mr. other charges have been Edward L. C. Swaysland, and the tax manager charged yester sugs

## A-plant leak brings 70 claims

BY LISA WOOD

UNION OFFICIALS are assessing more than 70 claims against the Ministry of Defence arising from a plutonium leakage at the Atomic Weapons Research Establishment, Aldermaston.

Leading counsel are being consulted on behalf of workers at the establishment which was partly closed last August after the discovery of cases of inhaled plutonium. In sufficient quantities inhaled plutonium can lung

leukaemia. Compensation claims—for exposure to a hazard and a reduction of life-expectancy— have been submitted by shop stewards to the legal depart-

ments of four unions.

The action comes after an inquiry by Sir Edward Pochin, the radiologist, whose report to the Government in November identified deficiencies in plant procedure, building design and staffing at the Berkshire estab-

At Transport House, Mr. Albert Blighton, legal secretary for the Transport and General Workers' Union, said: "We are taking medical opinion on between 35 and 40 cases."

A further 30 claims are being examined by the union while the builders' union is examin-ing four and the electricians'

Claims for compensation are complicated because claimants have to determine attribut-ability—evidence of exposure to a risk unique to occupation. They have to show that there has been exposure over a length of time in which there is statistically increased incidence of the disease when compared with the general population. Sir Edward's investigation at

Aldermaston was launched after radioactivity checks showed that three women at a special laun-dry had twice the level of plutonium in their bodies permitted in international safety recommendations. Nine men were also contaminated in a

In September the Ministry of monitoring for its remaining plutonium workers.

Union officials said yesterday that shortages of parts have delayed completion of Alder-maston's first whole body monitor; a £500,000 scanner that can detect minute quantities of plutonium contamination. It should have been ready this month, but is now not expected to be operational until August. 2.000 industrial workers who for a second or third time, have meanwhile to go to Harwell, or Winfrith, Dorset, for whole body

## Talks today on Massey cuts plan

By Ray Perman

MASSEY FERGUSON'S proposal to transfer production of combine harvesters from the UK to France, with the loss of 1,000 jobs at Kilmarnock, will be discussed today when unions meet Mr. Victor Rice, the company's president.

The company has so far given no date for the proposed move, which it says is still being

Mr. Rice has said he will also consult local and national government about the con-sequences of the transfer. sequences of the transfer, which would end combine harvester production in Britain. The unions maintain that production of the machines at Kilmarnock—about 1,100 a year—is profitable. A transfer to Marquette, France, would worsen the halance of programments worsen the balance of payments by £26m a year, since Kilmar-nock exported machines worth £14m and produced £12m for the home market.

Massey says that labour costs are not a factor in the decision: overheads at the larger Marquette plant are lower. "At the moment we have two plants in Europe manufacturing combines to a total volume that

our major competitors manage from one plant. We have ex-cess capacity in Europe which we cannot afford,"

## Four-star petrol prices raised by BP, Texaco

creases took account of the higher crude oil prices an edge when it comes to petrol who have then announced last week by the original of Petroleum Exporting Countries. This is in thad no access to supplies of that it "reckoned" the price of contrast to rises announced on contrast to rises announced on the cheaper Saudi oil. Its latest that it "reckoned" the price of the cheaper Saudi oil. Its latest that it "reckoned" the price of the cheaper Saudi oil. Its latest that it "reckoned" the price of the cheaper Saudi oil. Its latest that it "reckoned" the price of the cheaper Saudi oil. Its latest that it "reckoned" the price of the cheaper Saudi oil. Its latest that it "reckoned" the price of the cheaper Saudi oil. Its latest that it "reckoned" the price of the cheaper Saudi oil. Its latest that it "reckoned" the price of the cheaper Saudi oil. Its latest that it "reckoned" the price of the cheaper Saudi oil. Its latest that it "reckoned" the price of the cheaper Saudi oil. Its latest that it "reckoned" the price of the cheaper Saudi oil. Its latest that it "reckoned" the price of the cheaper Saudi oil. Its latest that it is gallon of four star at the wholesale rises covered not only price of the price of the cheaper Saudi oil. Its latest that it is gallon to four star at the wholesale rises covered not only price of the pric covered only pre-OPEC increases in cost of North Sea and Kuwaiti crudes.

Texaco is understood to take in the second quarter which about half its crude oil from were not recovered in the last Saudi Arabia, and to import increases in scheduled prices roughly half its petrol for the made on May 25."

UK from the Continent.

By Oil is understood to take UK from the Continent.

By Oil is understood to take

By Oil is understood to take

By Oil is understood to take

about 40 per cent of its crude
understood to take account of from the North Sea. It obtains

the high cost of importing some supplies from Kuwait, petrol to the UK and of the Both North Sea and Kuwaiti Saudi decision to backdate her prices rose substantially last latest crude price increases to month. latest crude price increases to

Phillips may reveal

BY SUE CAMERON THE U.S. BASED Phillips Petro- of the nearby Thelma and Toni leum is expected to make an

oil find in the North Sea later the company may have dis-covered a giant new oilfield on block 16/17 were being discounted by oil industry sources. Phillips said it had drilled a wildcat well on block 16/17. which is off the North East tip of the Scottish coast near to the line that divides the British and Norwegian sectors of the North

Sea. It added that the well was

on a separate structure to those

announcement about a possible

discoveries. It is believed that Phillips wildcat well may be on one of the pockets of oil known as the But last night rumours that string of pearls which are he company may have disthought to stretch from the Brae block 16/7 down through blocks 16/12 and 16/17.

Recoverable reserves on the South Brae field, which covers one of these pockets, are estimated at between 200m and 250m barrels of oil. This is small compared to a big field, like Forties, which initially had estimated reserves of 1.8bn

## DC10: Laker may sue

oil find this week

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

man of Laker Airways, urged Defence accelerated the rate of the U.S. civil aviation authorities yesterday to end their ban on foreign-registered DC-10 jet airliners flying to America and hinted that he would sue for

damages.

"Every day the Federal sively resumed flying.
Aviation Administration, the But the U.S. has kep
National Transportation Safety
DC-10s grounded, and Board and the State Department continue with their illegal ban into its airspace.

on the entry of British This has particularly hit registered and properly certifibritish Caledoniao, which has The last of Aldermaston's cated aircraft into the U.S. could subsequently prove very has six. Caledonian used the expensive in the courts," he aircraft on its route to Houston, said.

and Laker on its Skytrain

SIR FREDDIE LAKER, chair- grounded late in June after the crash of an American Addines aircraft in late May at Chicago, killing 273 passengers and rew After the introduction of new maintenance and inspection procedures, foreign-owned and registered DC-10s have progressively resumed fiving

But the U.S. has kept its own DC-10s grounded, and refused allow foreign-owned DC-10s

three DC-10s, and Laker, which The DC-10s, of which there flights to New York and Los

BP OIL and Texaco put up the prices of their petrol and other oil products last night. BP Oil added, 7.5p to the wholesale price of a gallon of four-star, and Texaco 6.8p.

Both companies said their increases took account of the higher crude oil prices of their prices of their prices of the wholesale price for Saudi by 6.8p; shandard grade keromarker crude is still lower than sene for domestic heating by those charged by other OPEC 7p; light fuel oil 6.4p; medium members. This could give companies oil 6.4p; heavy fuel oil panies like Texaco something of 5.9p; and dery, for customers an edge where it according to the wholesale price of a meeting in Geneva last week. gallon of dery by 6.2p; shandard grade keromarker crude is still lower than sene for domestic heating by those charged by other OPEC 7p; light fuel oil 6.4p; heavy fuel oil oil of the higher crude oil prices of a meeting in Geneva last week. gallon of dery by 6.2p; shandard grade keromarker crude is still lower than sene for domestic heating by those charged by other OPEC 7p; light fuel oil 6.4p; heavy fuel oil oil of the higher crude oil prices of a meeting in Geneva last week. gallon of dery by 6.8p; shandard grade keromarker crude is still lower than sene for domestic heating by those charged by other OPEC 7p; light fuel oil 6.4p; heavy fuel oil oil of the price of a meeting in Geneva last week. gallon of dery by 6.2p; shandard grade keromarker crude is still lower than sene for domestic heating by the price of a meeting in Geneva last week. gallon of dery by 6.2p; shandard grade keromarker crude is still lower than sene for domestic heating by the price of a meeting in Geneva last week. gallon of dery by 6.2p; shandard grade keromarker crude is still lower than sene for domestic heating by the sene for domestic heating by the price of a meeting in Geneva last week. gallon of dery by 6.2p; shandard grade keromarker crude is still lower than sene for domestic heating by the sene for domestic heating by the sene for domestic heating by the sene for

last week, "but also previous in-creases in crude oil prices made This was a lower estimate

BP Oil has added 7.50 to all fuel oil 4.5p.

than Texaco's, which suggested that four-star pump prices would rise to 118p to 122p a Texaco has put up the whole-sale price of a gallon of threestar by 7.3p; two-star by 8p; dery 7.3p; gas oil and regular burning oil 6.8p; light and medium fuel oil 5.9; and heavy

## Benn hits at Tory energy policies

By Christian Tyler, Labour Editor MOST OF the present oil shortage could have been avoided if the Government had used powers of super-vision that it inherited from Labour, over supply, pricing and distribution of oil, Mr. Anthony Wedgwood Berm claimed yesterday.

The former Energy Secretary, who has returned to the back benches, said that Britain, almost self-sufficient in eil, was entitled to see supplies "safeguarded without profiteering He attacked the Govern-

ment's energy policy in a speech to the National Union of Mineworkers' conference in Jersey, where he was listened to with much head shaking by Mr. John Moore, Minister responsible for the coal industry at the Depart-

ment of Energy.

Mr. Benn aimed his main criticism at the Government's determination to press ahead rapidly with a nuclear power

programme.
"There should be no major
"There should be no major expansion of nuclear power in Britain until further progress has been made in solving the problem of nuclear waste dis-

posal
"A crash nuclear pregramme decided in secret now, before a full study of the Harrisburg accident and the Windscale leaks, has been and published would be quite wrong, and this should be made clear to

## Matisse portrait at £720,000 sets two auction records

A MOST etraordinary price of £720,000, ot which must be added an etra 11.5 per cent in buyer's premium and VAT, was paid at Christie's yesterday for a portrait of a young sailor by Matisse. It was more than double the previous auction record for

SALEROOM BY ANTONY THORNCROFT

the artist, the highest price ever paid for a 20th century work of art. and among the top 10 highest prices ever paid in a saleroom. Entitled "Le jeune marin," the

work was painted in 1906 and was sold to an American bidder. The vendor was Mrs. Sigri Welhaven, of Oslo, whose first husband was a pupll of Matisse when he ran a painting school. It was the highest price in an auction of Impressionists which totalled £2,900,200 for 73 lots, a record for an Impressionist sale at Christie's.

Another high price was the £180,000 paid by the Cologue dealer. Galerie Abels, for a Renoir portrait of his five-year-old second son, Jean. An auction of Victorian paintings at Sotheby's, Belgravia brought in £279,687,



BY JOHN BARRETT

## Borg's pace and power destroy Okker in three sets

BJORN BORG, in his most commanding form, cruised confidently into the semi-finals of dently into the semi-final dently into the semi-f

WIMBLEDON

manding form, cruised confidently into the semi-finals of the men's singles at Wimbledon. Where semi-finals of the men's singles at Wimbledon we yesterday's match, however, he was never able to offer the remotest challenge to Borg's the men's singles at Wimbledon in the semi-finals of the men's singles at Wimbledon in the semi-finals of the men's singles at Wimbledon in the semi-finals of the men's singles at Wimbledon in the semi-finals of the men's singles at Wimbledon in the semi-finals of the men's singles at Wimbledon in the semi-finals of the men's singles at Wimbledon in the semi-finals of the men's singles at Wimbledon in the semi-finals of the men's singles at Wimbledon in the semi-finals of the men's singles at Wimbledon in the semi-finals of the player and consistency. After for the 23-year-old Swede, who is last lost at Wimbledon in the 1975 quarter-finals and has captured the title three times since then.

Okker, at 35, was the oldest of the players to reach the last is of the players to reach the last is relief was brief. Soon the proved last year by reaching the same time, with Okker able to result in the same way in exactly the proved last year by reaching the point in the same time, with Okker able to relieve the sale of the players of the players to reach the last is a dangerous opponent.

The Centre Court saw Roscoe

Tammer in impressive all-round form, as he put out Tim down, as he put out Tim down, as he put out Tim down and the same time in impressive all-round form, as he put out Tim down, as he put out Tim down, as he put out Tim down in the third set, he sail that and a sale and the same of the final put the match as the same of the final put the match as the same of the final put the match as the same of the final put them and the same of the final put the match as the same of the final put

## **Tax relief** plea to aid Teletext sales

BY MAX WILKINSON

facturers are pressing the Government for subsidies or taxi-relief to help stimulate the market for Teletext and Pressel

The Teletext system allows a domestic set to receive pages of text and graphics transmitted from a central computer over normal television channels. Prestel is a similar informa-tion system in which the set is connected via the telephone net. work to Post Office computers. It was launched for domestic users in the London area earlier

this year Since Teletext became avail-able on the BBG and independent networks two years ago; response from the public has disappointed television manu-

facturers.
About 20,000 sets are now in About 20,000 sets are now in use, of which about 10,000 were sold last year. The sets adapted to receive the two Telefect services—the BBC's Ceefax and the independent television's Oracle—are selling at the rate of about 2,000 to 3,000 a menth. However the manufacturing industry would like sales to in-crease to perhaps 390,000 sets a year or about a fifth of the annual sales of colour sets. At such a volume, they believe they could lower the price suffi-ciently to make the sets gener-ally attractive to consumers.

#### High premiums

At present a 22 inch remote-control colour set with a Tele-text decoder can be bought for E440. That is £62 more than the equivalent remote control set and £182 more than the standard 22-inch colour set.

Manufacturers would like in be able to reduce the premium

for Telefert; and the remote control which is an essential part of such a receiver. Talks with the Department of Industry before the election resulted in an outline agreement that the Government should be asked to help the industry at a cost of £5m to £Zm a vear 🐠

However, the election haited the scheme and the industry has made a renewed application to the present Government.

One idea being canvassed is
that sels incomparating Teletext
adapters, should be zero rated for value added tax . It is argued that the scheme would not cost the Government anything because sales of such sets

are so small The zero-rating would therefore, apply to sales which would not have existed without the special fiscal stimulation.

The argument is being pressed with special vigour in

respect of Prestel sets. They are expected to become generally available towards the end of the year or the beginning Prestel sets, which all incorporate Teletest adapters, at present cost seell over £1.000. The Post Office and the manual

The Post Office and the manufacturers are anxious for the price to be brought down to perhaps £100 more than the cost of a standard set. But such a reduction would imply a large volume of sales.

Government intervention is therefore being urged as "pump priming" to simulate the development of an amportant British invention.

## Shipping chiefs seek decision

By lan Hargreaves

BRITISH SHIPBUILDERS has told the Government that if wants a clear-cut decision about future levels of financial support and vard closures.

The corporation has now completed its saturations of industry remisters and is awaifindustry ministers and is awaifing that response to a revised five year corporate plan.

Ministers have been fold that further yard closures are imminent unless more work is found. Govan Shipbulders on the Clyde is the biggest yard at risk, although several other small yards are also virtually without work.

The corporation overall has a merchant ship order-book of

The corperation overall has a merchant ship order book of 900,000 gross registered fons, which is less than a year's normal output.

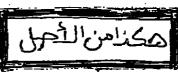
British Shipbuilders corporate plan calls for a 30 per cent reduction in the 29,000 strong merchant shipbuilding workforce. Redundancies are also expected in engine building and repair subsidiaries.

The previous Covernment's and repair subsidiaries.

The previous Government's policy was a "step by step" approach to the work shortage problem, coupled with a £250m cash limit on aid this year.

Minister have already indicated in talks with British Shipbuilders that the industry can expect less generous forms.





# rate

BY EAMONN FINGLETON

BUILDING SOCIETIES need to raise their main mortgage interest rate by at least one point to adjust to the Hudget increase in minimum lending rate. The Alliance Building Society said

Mr. Roy Cos. Alliance's chief general menager said that societies should increase their basic savers rate from 2 to 3 per cent fax paid. This would take the morrigage

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This would take the morrage rate to a record of 124 or 12 per cent, compared with 112 per cent at present. The previous record mortgage rate was 122 per cent, reached in the stering crisis at the end of 1975.

The commell of the Building Societies Association will discuss societies interest rate cuss societies imprest rate structure at its meeting on Friday of next week. There is strong pressure from smaller societies for large increases in both the mortgage and savers

Mr. Cox said the sorieties net inflow of savings fell to only £100m in June, well short of what they needed to keep up the supply of mortgages.

"Most people would rather pay a higher rate and get a mortgage than not pay and not get a mortgage."

His remarks were based on the present level of minimum lending rate but he was not so outlinistic as others about so optimistic as others about an early reduction in MIR.

Mr. Cox was speaking at the launch of a low-tax investment scheme offered jointly by Alliance and the Family Assurance Society, a friendly society which provides life insurance.

The new scheme will require a lump sum investment of £1,100 deposited with Alliance and this will be progressively used to pay premiums on a 10-year life insurance plan with Family Assurance, which will re-deposit the money with Alliance and earn an interest rate linked to the basic deposit

Family Assurance's advantage is that as a friendly society it can reclaim tax deducted by Alliance from the interest rate Alliance says that if the present building society deposit rate were maintained throughout the period, the payout for each £1,100 would be £2,657, tax free for a basic rate taxpayer. That represents an annual net which the Albiance claims is the best return from any comparable savings vehicle.

## Hoover kills Office salaries lagging Radio 3 to lorry fleet behind rise in wages to cut costs

HOOVER the domestic appliance manufacturer, is to dispense with its transport fleet and contract out its distribution per cent compared with 149 amounts rather than as percent-arrangements to a Unilever subper cent for all employees. ages on salaries. In addition, sidiary, SPD. The move involves the loss of

83 jobs at the Merthyr Tydfil headquarters of Hoover's transport fleet and the handing over of two depots—Brentry near Bristol and Airdrie near Edin-burgh—in SDP which operates a specialist distribution service. The decision has been triggered by the high cost of replacing Hoover's existing lovy figet, now due for renewal Economies in other areas involving significant redundancies were started earlier this year in a bid to meet stiff competition from cheap

imports, notably from Italy. Meanwhile, South Wales Switchgear of Blackwood, Gwent is to cut its workforce by 200 to 750 because of a sharp fall in orders over the past six months, particularly from the Middle East Discussions are taking place with unions at the plant to End In many cases the City achieve the redundancies, has become the highest paying

which will be across the board,

## CONTRACTS Gee, Walker starts sports hall

date for the phase HI extension \* VENN BROS. (CORNWALL) has to Burton upon Trent Technical A mine automation contract been awarded a £127,250 contract

condes 5.8 GHz microwave ranto on the surface to conduct and a £104,000 contract with equipment for further system ex-monitor the entire complex of BARWICK BROS, Carlisle, for tensions in the Sherlands for the underground conveyors and an advance factory of 450 North Sea oil terminal at Sul-bunkers and certain surface sq metres at Bellingham,

MANUFACTURING COMPANY, received a contract worth about Corders for five large industrial a Thomas. Jourdan subsidiary, £300,000 for a stress-relieving cooling towers and associated has won a £1.4m contract to sup furnace, with two small pump sets valued at £54,000 have ply Russia with 50 tyre tube furnaces, as part of a machine been received by HEENAN splicing machines, together with tool contract worth U.S.315.5m COOLERS, part of the Redman splicing machines together with tool contract worth U.S.315.5m COOLERS, part of the Redman splicing machines and associated and Wales of Algiers.

machinery.

MIDIAND DESIGNING AND DOWSON AND MASON has WANUFACTUBING COMPANY, received a contract worth about

Mertgage Heathrow congestion 'severe from 1981'

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

HEATHROW AIRPORT will reach its peak capacity of 30m passengers a year in 1980, and severe congestion can be expected soon after

This warning was given yesterday by Mr. Norman Payne, chairman of the British Air-ports Authority, who told the Airline Public Relations Organisation that some airlines would not be able to expand their operations at Heathrow and would be obliged to move to

Gatwick: But even with such transfers, congestion would still be severe from 1981 until the fourth passenger terminal became avail-able in 1984, assuming that the Government approved such a development, which is by no neans a foregone conclusion.

authority's assumptions were rise to 50m by 1983, and 70m by based on continued traffic 1988. By the 1990s, it would be growth in spite of fuel short- more than 90m a year. ages and price increases.

But the planners, in making their forecasts, had built in Even with a fourth terminal handled elsewhere. at Heathrow, raising that airport's capacity to 38m passen-

gers a year, and a second ter-minal at Gatwick, raising capacity there to 25m a year, there would still be a need for a third

Mr. Payne said the airports gers a year in 1978. This would

But even with the proposed new terminals, Heathrow and Gatwick together would only be some tough assumptions on fuel able to provide capacity for costs, and still remained con- 63m passengers a year by the vinced of an average annual mid-1980s, so that further traffic growth rate of about 8 per cent. growth would have to be

Mr. Payne said the proposed third major airport would need to come into operation by 1987

at the latest. While the airports authority awaited the Government's de-All the airports in the SouthEast (including Heathrow, Gatwick, Stansted and Luton)
Collectively handled 37m pages 155101 on where that airport should be sited, it felt that the two sites on the "short list" closest to London—Stansted and Willingale in Essex—offered the cision on where that airport

## W. Greenwell supports change in monetary control system

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

in the present system of monetary control comes today from stockbrokers W. Greenwell.

The firm, a leading City authority on the gilt-edged market comments on an article in the recent Bank of England quarterly bulletin on monetary base control. This focuses on the total of bankers deposits with the Bank of England. This issue is being reviewed by both the Bank and the Treasury at

W. Greenwell proposes that the present control system of a to g reserve asset ratio supported by ing the corset restrictions on Th eligible liabilities should be abolished and in its place, banks should be required to hold deposits with the Bank.

The brokers claim that many bankers and officials of discount houses appear to be attracted by the clear-cut environment which it could provide

"There appears to be general desire to move away from the present system of Montagu Loebl Stanley, the doubt about whether the Bank stockbroking firm predicts a will act or not—with fankers sharp slowdown in the rate of being kept on tenterhooks domestic credit expansion and

BY COLLEEN TOOMEY

which rose 9.6 per cent between

February, 1978, and February,

The survey of 654 offices em-

ploying 42,646 people, also shows that large organisations pay their office workers more than smaller companies for doing the same job.

A company with up to 10 people, for instance, pays an

average £2,488 a year for an

over 3,000 people offers £3,211

The analysis, based on

shows that median rates in the office of Pop City of London have increased and Surveys more than those in the West. The number

for the same work.

area in the country.

supply a deficiency in the six months, quantity of reserve assets before Recent 1 banking make-up, discount houses being forced night after night to go to the Bank for huge quantities of assistance, and both having to indulge in transactions which manufacture

reserves or destroy interest-bearing eligible liabilities." Greenwell maintains that many people in the banking sector express a strong desire to be rid of the present highly artificial system and to be left to get on with practical bank-

The brokers note that under the proposed system call money which banks placed with discount houses would no longer qualify as a reserve asset and, therefore, discount house would lose their present privileged position. However, the discount market would retain its historic role of buffer between the banks and the Bank of England.

In its latest gilt-edged review

ages on salaries. In addition,

being paid adult rates at 18,

probably affecting office wor-

Trotman. The Institute of Administrative Management. 205 High Street, Beckenham,

emigrants from the UK in 1978

fell for the fourth successive year to a record low figure of

192,000-down 16,000 on the

Office of Population, Censuses

The number of immigrants

Kent BR3 1BA, £46.

emigrate

16,000 fewer

Office salaries at all grades the reduction in the age of

did, however, move ahead by majority from 21 to 18 has re-more than the retail price index sulted in many factory workers

1979, according to a survey kers salaries, the survey claims.

carried out by the Institute of Office Salaries Analysis 1979.

Administrative Management Keith L. Scott and Elizabeth S.

office worker in a routine job THE ESTIMATED number of whereas a company employing emigrants from the UK in 1978

salaries paid at March this year, previous year, according to the

End in many cases the CRy increased by 24,000, from a par-has become the highest paying ficularly low figure for 1977, to area in the country. 187,000, which was much the

Salary increases for younger same as in the years 1974-76.

FURTHER support for a change wondering if the Bank will monetary growth in the next

Recent heavy sales of gilt edged stock will contribute to this but a sharp reduction in the demand for bank credit by the private sector is anticipated. On the basis of past business cycles this should occur during the second half of this year.

recent pre-VAT miniboom in consumer spending will produce an upward distortion in bank lending during the next two or three months but this should be reversed by the early autumn.

The broker is optimistic about across-the-board cuts in interest rates by the end of 1979. Minimum lending rate is likely to remain at its present level of 14 per cent for two to three months, though the shortterm upward pressures on sterling may lead to an earlier reduction. With the expected slowdown in credit demand. MLR could be in single figures by the end of this year.

Moreover the firm says that sterling appears "critically overvalued at current levels and some early depreciation is expected."

## carry more speech programmes

BBC Radio Three is to carry more speech programmes, such as plays, documentaries and sulted in many factory workers

This is the first sign of change since Mr. Ian McIntyre, November.

to take things more gently than day morning slot).

The "broadening of the cultural base" for Radio Three will involve only a 2 or 3 per cent swing from music to the

edge and to be critical, argumentative, speculative," said

unqualified assertion of the BBC's commitment to broadcasting as a public service," he

## in Seotland

By Ray Perman

Chartered Surveyors.

One of the institution's memwithdrawn after petrol prices rose. Another, in Perthshire, has three clients who have bought new homes without are now trying to dispose of deliver, and I reckon we could either to escape from expensive bridging loans.

## Chemical workers to ballot on strikes

By Nick Garnett, Labour Staff

THE HOLDING of strike ballots in various parts of the chemical industry is being authorised by the General and Municipal Workers' Union after the collapse last month of national pay negotiations Wage talks have reverted to

ocal level among the 280 chemical companies normally covered by both national and domestic negotiations. Shop stewards will report

any breakdown in plant level talks to regional and national officials. Mr. David Warburton national officer for the GMWU, said yesterday that authority for a strike hallot would then normally be given.

Major companies that until now have determined wages and conditions in two-tier national and local bargaining include Albright and Wilson, Laporte and Fisons. These companies may now be affected by yesterday's decision of the GMWU executive. Imperial GMWU executive. Imperial Chemical Industries, the biggest company, has separate negotia-

tions.
Employers in national negotiations with the Transport and General Workers' Union and the GMWU refused last month to make any substantial improvement in an offer, estimated to be worth 141 per cent, which had been overwhelmingly rejected by ballot.

Employers had indicated that they were prepared to make a marginal improvement, but there were suggestions that an interim agreement allowing individual companies to negotiate a shorter working week in re-turn for an agreement on new technology would be reviewed. Th final offer, which affects rates for 60,000 chemical workers, would have improved the national minimum from £45.60

### Work to rule by 600 at GEC plant

launched by the 600-strong workforce at the GEC Birlec plant in Aldridge, Staffs, be-cause they claim the firm is trying to throw 50 long-service employees on the "scrap heap." The company had announced

at the weekend that it was making the 50 men, all members of TASS, the white collar section of the engineering workers union, redundant. The other 200 white collar

workers at the plant imposed the work-to-rule and within hours they were given the support of the 400 manual workers. be at least £25,000.

### to boycott low-pay ship SEAMEN YESTERDAY won an shipowning company, against devoted to the campaign. said important legal battle in their a refusal by a High Court judge the ruling was "a vindication of campaign to establish an inter- to block the union's right to all we have been doing." national scale of wages on boycott one of its vessels.

Court backs union's right

The ship, the Narwala, is stuck in the port of Narvik The Appeal Court in London

ruled that the International where Norwegian unions are fighting to retain the right to Transport Workers' Federation refusing to handle her. The judges said the federa- convenience, said it was "fundacampaign for higher mentally wrong to regard the and the boycott were situation as a trade dispute

British-flag ship, manned by a Chinese crew, even though the Lord Denning, Lord Justice
Waller and Lord Justice
Eveleigh unanimously dismissed
an appeal by NWI. a Hong Fore crew said it was satisfied with

an appeal by NWL, a Hong Kong

FINANCIAL TIMES REPORTER

Steel Fisher car body plant in

Their action stopped produc-tion of Maxi body shells and caused 4,000 workers to be laid

At the neighbouring Austin Morris assembly plant Marina production came to a balt and

The fork lift men, known as

five-grade structure is accepted. reforms.

truckers, complained they would be downgraded if BL's proposed

A DECISION on a closed shop

test case at British Rail, being

Strasbourg, is expected by the

The final hearing of the two-year long case will be on Mon-

day. Sir Ian Percival, Solicitor

General, will put the Govern-

ment's case to the commission. He is expected to outline its

The appeal to the commission

has been lodged by three for-mer British Rail employees;

Roger Webster, Noel James and

three. These are estimated by

Mr. Norris McWhirter, deputy

chairman of the association to

The Freedom

formerly the

industrial relations proposals.

end of the month.

2,000 more were sent home.

pay protest.

Walk-out at Cowley

causes 6,000 lay-offs

car factories was disrupted yes-terday when 158 fork lift drivers only one of several groups walked out from the Pressed which will be downgraded by

European decision near

looked at by the European Com-mission of Human Rights in European Convention

on closed shop case

BY GARETH GRIFFITHS, LABOUR STAFF

had the right to boycott a

merchant ships.

Controlled Shipping, which is one of several shipowner bodies use cheap crews under flags of

wages and the boycott were carried out in furtherance of

Workers' Union says these are

the company's proposals.

The men's 24-hour protest was

timed to coincide with the visit

to Coventry by TGWU senior

stewards at the six-car plants in the Oxford area to lobby top-

level talks.

The TGWU is trying to get

support for its campaign for a four-grade structure instead of the five-grade system which the

unions have accepted in their

talks with management on pay

The three men have based

their case against the closed shop on articles 9 and 11 of the

Human Rights. They claim the

UK Government has failed to

enable them to exercise freedom

of thought, conscience, expres-

sion or association with others.

when they refused to join recognised trade unions under

the provisions of the British

Rail closed shop agreement in July 1975. Exemption was

restricted to religious objectors

Government has breached articles 9 and 11, a report will

ment. The case may then be

sent to the European Court of

Human Rights within three

If the commission decides the

The three were sacked in 1976

The court decision conflicts with a ruling last year against the transport workers' featration over the blockade of the Cammilla-M. Lawyers on both sides will be carefully studying the implications of the latest

when the crew was happy with

its employer."

Although the court awarded costs against the owners yesterday, they were granted leave to

appeal to the House of Lords. The dispute is also of special concern to Scandinavian ship-owners, who are fighting for the The Narwala was owned by

Fearnley and Eger, the Norwegian shipping company which ran into financial trouble two years ago, and is still owned by Scandinavian interests via the Hong Kong company, NWL. Last year, the International Transport Workers' Federation, carried out 250 ship boycotts in its pay campaign and claims to have won £5m in backpay for

the seamen involved. The international body is a federation of seamen's unions. The Chinese seamen on the Narwala receive about \$300 per month, which is roughly half the level required under a federation agreement.

### Labour Party strikers reject 21% pay offer

STAFF ON strike at Labour Party headquarters yesterday overwhelmingly rejected the offer made to them on Monday of 21 per cent backdated to May 1, with an additional 7 per cent, similarly back-dated, after resched on managreement is reached on man-

So the 100 administrative, clerical and journalistic staff remained on strike yesterday, picketing Transport House, where work was brought to a standstill.

The four unions involved are the Transport Workers, the Association of Professional Executive and Computer Staff, the Society of Graphical and Allied Trades and the National Union of Journalists. They want the full 28 per cent increase before they are prepared to discuss manning levels.

Iain Young.

Association.

## Tough talking on productivity ahead

National Association for Free- be sent to the committee of dom, has provided costs for the ministers and the UK Govern-

the leadership of the Union of ship or its members.
Post Office Workers to the In any case, Mr Government's announcement that it will review the corporation's letter monopoly unless postmen agree to improving have to be bought by extra

efficiency, suggests two things.

First, that the Post Office
will continue to have grave difficulties in agreeing any major productivity change with the union, and second, that the corporation may be moving towards some very difficult pay talks this year with its biggest

Mr. Tom Jackson, the union's general secretary, yesterday emphasised again that one of corporation believes is fundamental—the greater use of temporary and casual labourhad been buried by his members in a national ballot and there

it would remain. He indicated that the union was prepared to continue talks on two other productivity features the Post Office is seeking—traffic measurement and larger aud speedier diversions of work from one office to another.

THE IMMEDIATE reaction of acceptable to the UPW leader-

union on these points would money on top of non-productivity related basic pay rises the UPW is now seeking. These rises are about 17 or 18 per cent. settlements have spurred the postal telecommunications sec-

tions of the civil service unions to seek similar rises for their Post Office members. Until yesterday the telecommunica-3 to 7 per cent for grade re- costs. structuring. Some had also been offered a further 2 per cent for changing the settlement date.

Earlier this year, the UPW accepted an interim deal worth about 10.2 per cent for its 140,000 postal workers and 50,000 telephone operators, telegraphists and coast radio officers. It is now seeking full consolidation of all outstanding major topping up exercise to bring it up to what it believes But there were strong sug-gestions that the kind of move-to be the going rate achieved by gestions that the kind of move-to be the going rate achieved by have the deal accepted by ment sought by management on the telecommunications unions, national ballot. The member-

the UPW leadership as at least elements. In any case, Mr. Jackson 17 per cent at the moment. Mr. warned the Post Office yesterday Jackson said yesterday that pay-that anything conceded by the ments for any new productivity that the productivity schame arrangements must be made on top of this figure. "Some of these other unions have carried haven't, but we are not going and management on temporary to be treated as second class staff effectively put a veto in the This poses a real problem for citizens in any settlement."

management. The Civil Service

The Post Office hower

The Post Office, however, extra money for the UPW with new productivity arrangements. Every 1 per cent on pay adds £10m to the Post Office's costs, according to Post Office figures. emphasised again that one of tions unions had been offered with wages accounting for more the productivity elements the rises of 9 per cent with a further than three-quarters of its total

The issue of productivity has given the UPW leadership considerable problems, not only from the Post Office but from its own members too.

Earlier this year the union's executive agreed to recommend a pay and productivity package. which included the use of temporary staff and the possibility of work measurement in return pay supplements as well as a for 13½ per cent in a full year.

major topping up exercise to Mr. Jackson said privately then that it would be difficult to

clause securing the need for out industrial action. We local agreement between union

> The Post Office did not apparently see the productivity deal as "window dressing." It says that work measurement and the use of temporary and casual staff would be a major boost to productivity and a big step towards reducing staff shortages which are currently running at about 4,000 in London alone.

At least some Post Office officials understand the UPW's reluctance to concede major

Mr. Jackson said yesterday that with hindsight the membership had been right to defeat executive-recommended productivity deal. There is considerable suspicion, possibly gether with other companies. justified, that there is always a work out a consortium risk that the use of casual labour becomes permanent and that it masks any need to im-

per cent growth in its parcels men, higher grade) is £66.16 service in the past year, turning with £8.65 unconsolidated. There over about £35m, and is quite is an extra £10.96 a week for postmen and sorters in central London. Most postmen's con-

The Post Office says average earnings are £91. This can rise to well over £100 for postmen in some offices working a lot of

# Two contracts worth more radio services. Half the order British Rall Engineering for the first have been awarded is for a tape developed in plant at the Crewe BREL steel to CEE, WALKER AND conjunction with the BBC for foundry. The contract is for the sports hall and learning pool remainder is a high ing and "environmental control" for Charnwood Berough Council performance tape, for mono equipment. \* A Loughborough. The starting broadcasting. \* VENN BROS. (CORNWALL) has to be the phase HL extension.

A mine automation worth 5480,000 has been placed by the Department of the worth National Coal Board Environment for work on an College is July 8.

worth £480,000 has been placed by the Department of the by the National Coal Board Environment for work on an GEC TELECOMMUNICA with HAWKER SIDDELEY advance factory of 450 sq metres DYNAMICS ENGINEERING for at Trewellard, St. Just, Cornwall of orders from the Post Office installation of a Dynamic mine of factory will be of the for microwave radio equipment colliery. The system allows one into two units of 225 sq metres tions network. The contract in or two men in the control room each. The Department has placed cludes 5.8 GHz interowave radio on the surface to control and a £104,000 contract with employed for further system examinor the entire complex of BARWICK BROS. Carlisle for

SN Metals of Algiers.

Belfast. It is installing the Bacal-Zonal has won a Foundry Equipment in a new diesel contract worth almost 2500,000 (NTERNATIONAL a part of the engine test plant to cater for for recording tape on BBC Aurora Group, has received a MAN engines built under licence national, local and overseas contract worth £270,000 from in Northern Ireland.

Northumberland.

Orders for five large industrial from Harland and Wolff of Belfast. It is installing the

## OFFICE WORKERS salaries staff during the year were high, failed to keep pace with the ranging from 18 to 19 per cent, rise in national wages last year, suggesting that many increases rising by between 10 and 13 have been applied as flat

features.

the former controversial controller of Radio Four, took over leadership of Radio Three last Mr. McIntyre clearly intends

he did when he revamped the Today Show (since restored to its old format) and moved the Archers (whose omnibus edition is now back to its former Sun-

spoken word. There is to be a £1,000 short story competition and new speech programmes, including coverage of off-beat sporting events. "We want Radio Three of off-beat sporting speech programmes to have an

Mr. McIntyre. Radio Three is a robust and

## Rural houses harder to sell

RISING petrol prices are making it more difficult to sell rural or suburban houses, according to the Scottish branch of the Royal Institution of

Overall, Scottish house prices are estimated to have risen by between 20 and 35 per cent since the beginning of the year. But several estate agents in rural areas report a marked change in attitude to the prospect of commuting.

bers said that a bid for a house 20 miles from a town had been being able to sell their old and

#### these two points would not be which are still negotiating. ship in fact rejected the deal Hopes run high on private mail

KEITH

JOSEPH'S delivery if the Post Office could would all be next day." not achieve productivity gains has already stimulated entrepreneurial spasms in the breasts of at least some of those who might hope to gain from such a Courier and private parcels

services have been doing well in recent years, "wholly due to the Post Office's inefficiency." according to Mr. Jonathan Hood. managing director of Securitt Despatch, though most are small, under £1m-a year turnover, companies. Yet their size appears not to inhibit their ambitions. "As soon as the monopoly opens up, we'll be in." says Mr. Paul McCarthy, a director of Courier Plus. "We pick up, we beat the Post Office on price

vould all be next day."

Continuing in this frank vein, services. "We would get to-

Mr. Hood says that "the Post Office and the unions have a justifiable point we would want the profitable business end of

gives us business."

difficulties." Mercury's 30 motor-cycles and 25 yans would no doubt aid the Office.

Mr. Hood, of Security Des- Post Office but it gave a non- changes in this area. announcement on Monday that patch, demurs. "We would committal response to the offer private enterprise might be charge more than the Post Office last night. allowed to play a part in mail for delivering mail. But it Mr. Hood

> and the big trunk carriers, and market. We're there

makes about their problems More charitably, Miss Linda Moorhouse, account executive of happy with that. Mercury Despatch, says "We are thinking of getting in touch We don't want to go out of the tracts are for a six day week.

Mr. Hood admits that Security

approach." Ironically, and justifying all that it masks any need to improve basic pay and conditions. "During the last postal go-business, the major carrier. The national rate for postslow we collected huge batches Securicor, expressed a lack of men is £60.87 with £8.50 of this
of parcels from our clients. interest verging on horror at the unconsolidated for overtime.

Every statement the Post Office 1888 Every statement the Post Office idea. The company has had 34 The basic rate for sorters (post-

"We run a service to industry. with the Post Office to offer to parcels area and start delivering help them out of their present to homes. Nothing but problems there."

Amen to that, says the Post

This going rate is viewed by because of the productivity Mr. Jackson subsequently told

> it past the Government: that a hands of the union. Some Post Office

wants to trade off some of the believe that the UPW leadership was here responding to the difficulties it had run into with its own membership. Certainly there is considerable resistance to the use of casual and temporary labour because, it is feared, this might eat into the amount of overtime available to postal workers, particularly in big cities where the UPW has a majority of its membership.

About 48 per cent of its members work overtima. Sir William Barlow, Post Office chairman, has called for the abolition of "excessive" overtime working.

## Heated exchanges replace warm welcome

Mrs. Margaret Thatcher was given a warm welcome on her return to the Commons yesfrom the Tokyo

So fervently grateful was Mr. Michael Brotherton (C Louth) for her safe homecoming that he seemed ready at one point to hold a thanksgiving service.

But the Tories settled for a hearty chorus of cheers; and Labour MPs derisively echoed

It had been an arduous trip, Mr. James Callaghan enviously conceded—and the Labour leader ensured that the Prime Minister's reception was no less gruelling. f. The initial warmth rapidly developed into heated ex-

## Rhodesian sanctions attack

MRS, MARGARET THATCHER and Mr. James Caliaghan. Opposition leader, clashed in the Commons yesterday over lifting sanctions on Rhodesia.

Mrs. Thatcher, back from her visit to Australia following the Tokyo summit, said the aim was to bring Rhodesia back to

But Mr. Callaghan warned her: " If you are not very careful you will find yourself isolated. isolated, and the interests of the UK put at great risk as a result of what you call your pithy comments."

And he pledged Labour support when sanctions are due for renewal in November. Mr. Callaghan attacked Mrs.

Thatcher for her statement in Australia that it would be difficult to renew sanctions in "Was it not a great mistake on her part, before she actually

goes to Lusaka, to give an indication of this sort? " he asked. But Mrs. Thatcher did not agree. What she had said was Diat there was very considerable renewal of sanctions would go through the House.

The Government was making "strenuous efforts now" consult other countries to try to bring Rhodesia back to legality.

If the talks were successful, sanctions would go, but if they were unsuccessful, there would he "a very difficult situation in Covember which I referred 10 perfectly correctly and realistic-

changes over the question of Rhodesia sanctions. Mr. Callaghan suggested

that it had been premature for Mrs. Thatcher to say that sanctions would have to be lifted this autumn because the Conservative Party would not

support them.

The Labour Party was willing to rally round the Prime Minister and avert her Govern-ment's isolation and any risk Britain's interests, he

Mrs. Thatcher declined the offer. Strenuous efforts were being made to bring Rhodesia hack to legality, she said.

"If we are successful, the basis of sanctions would go. If we are not successful, we face a very difficult situation

Mr Callaghan turned more coolly to the question of oil. Just what practical pro-posals had emerged from the summit to deal with the impact of the price incress: he demanded.

What were the Government's policies for coping with the higher unemployment, lower investment, lack of growth and higher inflation?

"The Government was not elected to achieve all that." Mrs. Thatcher had little to add to her original report. Extra money would not be

printed to compensate for the higher oll prices, she asserted. The Tokyo summit had been united in its resolution to restrain demand for oil in the short term; and in its belief in reducing its dependence on uncertain sources in the long term through its skills and incentives.

In the light of such lofty sentiments, the Prime Minister curtly dismissed the Labour leader's mundane suggestion that the Budget increase in petrol tax should be abandoned.

Mr. Dennis Skinner (Lab. Bolsover) shook his head regretfully at these symptoms of what he called "sumititis the dreaded disease of

Its victims, he said, always spoke in high-sounding phrases which were never put into practice. Mrs. Thatcher assured him

that her "pithy comments" always meant what they said —and went on to demonstrate it during an hour's interroga-

Tory MPs, sounding her opinious, grew more rapturous with each predictable response; Labour MPs found it impossible to disrupt the

Mrs. Thatcher had obviously held her corner in Tokyo that no one doubted she would do so at next month's Commonwealth Conference

Tory MPs began to worry instead about the Queen's safety in Lusaka. That question could safely be left to her as well, Mrs.

last minute to receive the Thatcher assured them. latest up-to-date reports.

Thatcher

delays advice to Queen THE PRIME Minister would wait unfil the last minute

before giving the Queen any advice to call off her trip to the Commonwealth conference in Lusaka, Mrs. Thatcher told the Commons faday. Mrs. Thatcher's statement follows Buckingham Palace's announcement on Monday

that it was still the Queen's "firm" intention." to go to mons last night. Mrs. Thatcher said during uestion time: "In tendering Finance Bill. advice, I have to wait to the

"We are very auxious that the Queen should be able to undertake these visits and we will weigh judgment on advice received very care-

The Prime Minister was replying to Mr. George Gardiner (C Reigate) who raised the question of concern for the safety of the Queen if the

visit went ahead. Sir Nigel Fisher (C Surbiton) asked Mrs. Thatcher to consider cending the Foreign Secretary, Lord Carrington, to Lusaka to check security arrangements before the

Mrs. Thatcher said she would consider Sir Nigel's

Government stops expelling

## Traders using VAT changes to raise prices?

SOME TRADERS are putting up prices beyond the amount required to give effect to the Budget decision to increase VAT to 15 per cent, Mr. Denzil Davies, a Labour spokesman on Treasury affairs, told the Com-

He was speaking at the start of the committee stage of the He complained that "a con-

siderable amount of rounding up" was going on, and predicted that the rise in the cost of living caused by VAT going up to 15 per cent was likely to exceed the 31 per cent forecast by the Government.

In some instances, he said, 15 per cent VAT was being added to the previous 9 per cent rate.

Mr. Davies, who accused the Government of having abrogated its responsibility for keeping prices in check moved an amendment to exclude the 15 per cent rate from the Bill.

While recognising the case for a uniform rate of VAT-the 20 per cent and the monetary Labour Government operated a standard rate of 8 per cent and a higher rate of 121 per cent

Britain to cut off aid to Vietnam

consistent with the aim of keep-ing down the level of inflation. With a nod of approval from Mr. Denis Healey, the former Labour Chancellor, Mr. Davies strongly denied that a Labour Government would have raised VAT to 124 per cent. POLESSING PROPERTY.

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He also recalled that, before the Budget, the Confederation of British Industry had advocated that VAT should be standardised at 10 per cent, and had: warned that to go further, even to 12; per cent, would be "too sharp a change." Despite this, the CBI had said nothing since its advice was rejected by the ChanceRor.

"Its economic judgment has been bought and paid for with 30 pieces of silver by the Cov-ernment's tax cuts," Mr. Davies

Emphasising the "disastrous" economic consequences which would result from Government policies, Mr. Davies maintained that something would have to "give." with an impation rate of targets set by the Chancellor.

"The erunch will come in terms of high unemployment he argued that 10 per cent was high interest rates and high the highest possible single rate inflation."

## PM stresses nuclear needs BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

yesterday.

Reporting on the result of the

Tokyo summit last week, she again placed heavy emphasis on the need for an expanded programme of nuclear power of its people." stations in Britain as the best answer to the oil threat.

Mrs. Thatcher also seized the opportunity to categorically deny suggestions that the Government was considering the possibility of removing fuel prices from the Retail Price

Index. that energy prices should not be taken into account in the Retail Price Index," she assured the

"Such a suggestion was made, but not by me. That you should exclude energy prices from the RPI seems to me totally ridiculous. The Leader of the Opposition.

outcome. He said the individual countries represented there seem to have set themselves

widely differing targets for restraining oil imports. of alignment," he commented, Mr. Robert Sheldon (Lab., Ashton-under-Lyne), the former

THE STEEP increase in oil a reduction in the standard of prices will mean a reduction in living for everyone as a conse-the standard of living in the UK quence of the rise in oil prices. Mrs. Thatcher told him: "Any tiveness and resourcefulness of country that has to pay a subthe British people, the Prime stantially larger sum for one Minister warned in the Commons particular commodity which it the oil crisis. cannot do without obviously faces a reduction in the standard of living unless it can offset that reduction by the in-

> ventiveness and resourcefulness She maintained that the income tax reductions in the Budget would help cushion the effects by assisting people to start up new businesses and extend old ones.

governments represented at Tokyo, she insisted. Tax. had faced up to the oil situation realistically.

They were all determined not to print money to compensate for the higher oil prices, and there was seneral agreement that domestic oil prices should be at world market levels. There were murmurs of agree-

ment from both sides of the House when she went on: "We doubt whether an order for Mr. James Callaghan, took a stressed the importance of sceptical view of the summit developing to the full existing and new sources of energy as alternatives to oil.

"We saw a special need to expand with safety nuclear power generating capacity. Withtraining oil imports. out this, the prospect for growth It's a pretty peculiar form and employment would be

Mr. Callaghan, however, pointed out that the various financial secretary to the countries had adopted widely Treasury, asked about reports differing targets on oil consumpthat Mrs. Thatcher had forecast tion.

explain how the decisions were supposed to be aligned.
The British Government, he said, had no practical proposals for dealing with the effects of

He asked Mrs Thatcher to

During the next 12-18 months. Conservative policies would lead to higher unemployment, less investment, no growth and higher inflation. The Tories seemed content to sit back and

let events take their course. The latest OPEC increases had drastically changed the situation since the Budget, in which the Chancellor had made "selfinflicted wounds" by increasing netrol duty and Value Added

He appealed to Mrs. Thatcher to reconsider the Budget pro-

Mr. Callaghan also emphasised that because of coal and North Sea oil, Britain probably had an energy surplus of 30 per Therefore, he urged cent. caution in the development of nuclear energy. It should proceed at a steady pace; there was no need for a rush. Replying to his points. Mrs.

Thatcher justified the differing targets for oil saving on the grounds that the various countries had their own individual problems. One must be realistic about these things. We would not

have had that kind of agreement unless we were able to take account of those

Rejecting Mr. Callaghan's demand that the increase in



petrol duty should be revoked, she said that would be the most rapid way of increasing demand for fuel.

She strongly disagreed with any suggestion that we should be able to get through our present difficulties without having a much larger nuclear power programme.

"We all came to the conclusion that much as we would like power from the sun, tides and other things, nuclear energy was the answer'

BRITAIN is to cut off further to Tokyo and had asked him to circumstances continued.

large numbers of its citizens. The Prime Minister an nounced the decision yesterday. She told the Commons that the Government will not cancel the agreement entered into by Helsinki agreement. the Labour Government to supply three cargo ships to

Vietnam. Mrs. Thatcher took a firm line on the admission of further refugees into Britain. She emphasised that Britain had a population of 11m new Commonwealth immigrants and is one of the world's most densely

populated countries. She discussed the situation with Mr. Kosygin, the Soviet But she gave an assurance Prime Minister, during ther that there would be no further stopover in Moscow on her way aid to Vietnam while present

aid to Vietnam and will resume intervene with the Government it only if the Veitnamese of Vietnam. Mrs. Thatcher complained

that Mr. Kosygin had not given her "much encouragement." She found this particularly disappointing in the light of the human rights aspects of the Mr. Michael Gryllis (C., Sur-

rey NW) condemned the "abhorrent" policies of the Vietnamese Government and called on the Prime Minister to cancel the ships deal. Mrs. Thatcher said that although the British taxpayer was

contributing to the ships, it would cost more to cancel the contract than to go ahead with

But she gave an assurance

She thought that the Russian

attitude had been particularly revealing about their interpretation of the Helsinki agreement. What we were now seeing in Vietnam was - Communism in practice." Mr. David Ennals, former

Labour Social Services Secretary, suggested a more open and generous policy for admitting Vietnamese refugees to Britain. But Mrs. Thatcher told him that this matter would be left to the UN conference:

"I can make no promises but they are taking a bigger proportion of Vietnam refugees in this country." she said. "We have taken 11m immigrants from the New Commonwealth countries. That is a factor we must take into account in deciding whether we can take in new Vietnamese refugees"

● NEWS ANALYSIS - UNIONIST LEADERSHIP

## Rival to Paisley influence sought

BY STEWART DALBY

the European elections were known in Northern Ireland just over three weeks ago, it was obvious to most observers that Mr. Harry West's days as the leader of the Official Unionists were numbered. He finally re-

signed this week. The uncompromising Rev. Ian Paisley and his Democratic Unionist Party scored a massive victory over other Unionist candidates by collaring 170,688 more than the quota needed

The two Official Unionist candidates, Mr John Taylor and Mr. Harry West managed only 125,169 votes between them on the first count.

After the first round, Mr. West was eliminated. To add to his humiliation, even his lieutenant, Mr. Taylor, did better.

The European election results in themselves would not have been enough to end Mr. West's political career. But in the British general election, a.

seven seats they had held in

Mr. Paisley's DUP took the East Belfast seat of Mr. William Craig and Mr. John McQuade nipped into the North Belfast seat vacated by Mr. John

though the Official Unionists re-ceived 250,000 popular votes against just 70,000 for the DUP. although Mr. Paisley's men did

Ironically, of all the main Official Unionists, Mr. West is ideologically the Mr. Paisley. He probably closest to Mr. Paisley. stands for areturn to the old fully devolved Parliament at

His leadership of the Official Unionists had its origins in his obdurate opposition to the power-sharing experiments of the late Mr. Brian Faulkner in Alarmed at what he con

sidered were compromises, he split off in 1973 and evolved United Ulster Union Coalition. This included the then rising Ian Paisley. The coalition did not hold and the rump of what

had once been the Ulster Unionist Council eventually became the Official Unionists, led by Mr. West.
Mr. Faulkner's faction, the
Unionist Party of Northern
Ireland, no longer has any West.

minster reresentation. Although Mr. West remains strong believer in a return to Stormont and opposed to power-sharing under any circum-stances, he gradually lost

He briefly held a Westminster seat in 1974 but appeared to lose interest in leading the Official Unionists.

While be remained ideologically close to Mr. Paisley, he did not have the personality to stop his party being hauled off in what was politically a different direction by Mr. Enoch Powell.

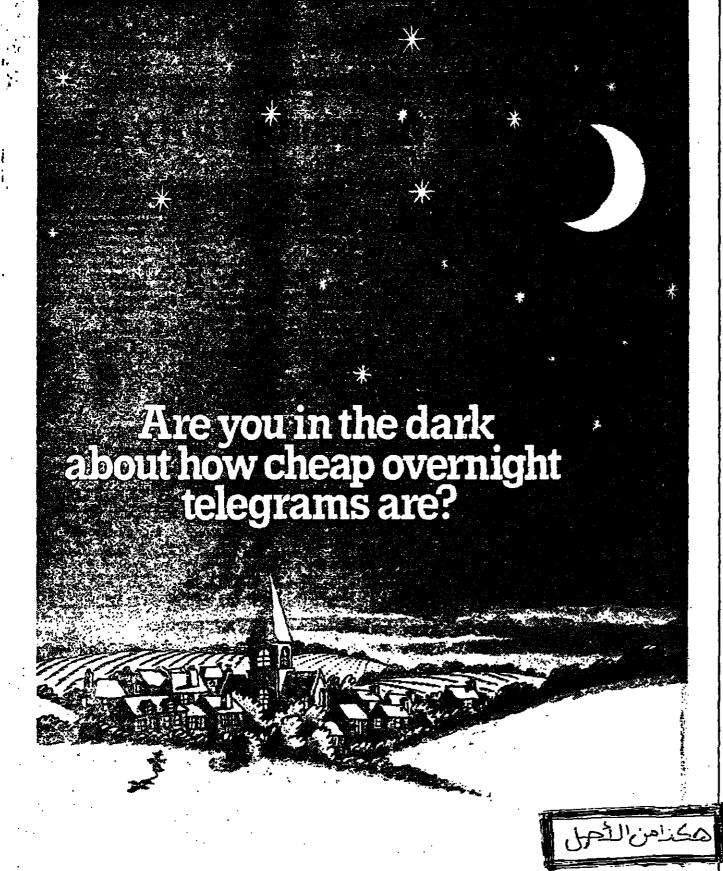
Under Mr. Powell's deputy leadership, the Official Unionists' policy tame to appear as one of total integration, with some restoration of local gov-

some restoration of local government.
In the eyes of many loyalist supporters in Northern Incland, this seems to mean the Official Unionists have no real policy at all. Mr. Paisley, who is no mean political operator, moved into this vaction, turning his 17th Century fundamentalism into an out-and-out 20th Century loyalist pulitical creed. As the resolute of the two elections have shown, Mr. Paisley tions have shown, Mr. Paisley has managed to garder more and

more of the working class Pro-testant yote and seems to have-made major inroads into the middle class Official Unionist middle class Official Unionist vote.

Mr. West's departure means that whoever leds the Official Unionists will have to work hard to recapture the lost ground. Mr. James Molyneaux, the MP for South Antim who has been appointed interim leader, is a mild-manuered man hardly a match for the forms.

hardly a match for the stema-gogin Paisley.
What seems to have happened
is that the Official Unionists. lack of identity has increased polarisation in favour of



The basic charge for a telegram sent overnight, within the U.K. and the Isle of Man, is 50 pinstead of 70 p. After that, each word costs you 4 pinstead of 7 p (VAT to be added). Phone your message in by 10.30 pm and it'll normally be delivered with the next post. You'll find an overnight telegram just the

job after the last post has gone.

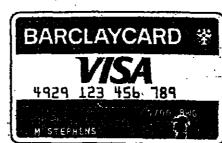
Post Office Telegrams

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### PROCESSING

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At room temperature and during the treatment time of 60. seconds, it degreases and forms. quick-as 30 seconds.

quick as 30 seconds.

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## Repair of pipelines under pressure

surised pipelines is under way at Battelle's Houston operations and Columbus Laboratories.

Intended to benefit refinery and chemical production companies, gas and oil transmission companies, as well as companies the study should result in lower cost and safer welding operations. The programme is being sponsored initially by 18 companies and is still open for membership.

According to Battelle's Dr. John F. Kiefner, who heads the study, current methods of hot tapping or repairing involve the pipelines under pressure. The lines must remain pressurised because of the high costs asso-However, bazards such as burnthroughs may occur during welding, hard crack-susceptible zones may form in the pipe wall next to the welds, or the contents of the pipeline may be-

come overheated.

DEVELOPMENT of improved allow a realistic choice of and safer procedures for hot-procedures. As a result, those tap and repair welding of presseventive and vary widely servative, and vary throughout the industry.

During the study. Battelle will develop a procedure for defining the limiting conditions for welding that minimises disruption of service and associated risks.

Procedures will determine the engaged in servicing pipelines, minimum thickness of material on which welding can safely be performed without a burnthrough; appropriate pressure and stress level that can be maintained while avoiding a hurnthrough; effect of the contents and rate of flow in the pipeline on the temperature of the pipe wall during and after welding to evaluate the risk of welding of sleeves, branch con-nections, or extra nozzles onto rapid quenching of the weld zone; and limit welding energy input to avoid excessively high temperatures at the internal ciated with shutting them down. surface that might damage or degrade the product or cause an undesirable chemical or

Battelle plans to develop a thermal analysis model that could be used with small, programmable calculators for pre-Welding procedures must dicting these limiting conditions. ensure the safety of the maintenance crew and physical plant. Little data is available to grammable calculators of present dicting these limiting conditions. Battelle's Houston Operations. 2223 West Loop South. Suite plant. Little data is available to 320, Houston, Texas 77027 U.S.

physical reaction.

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room at Kidlington is the nerve-centre for the whole county. All emergency calls are routed by the women operators who last year dealt with more than 5,500. Now they have three Callstores to make their job easier. These units help in monitoring, genuine calls. People in burning houses tend to panic and talk too fast when they dial 999 and Callstore's facility for slowing speech down makes understanding them easler. Racal Recorders, Hardley Indus-trial Estate, Hythe, Southampton, SO4 62H.

Apart from chain stores, water boards, office blocks, com-

puler centres, factories and telephone exchanges can all benefit from a new system, said to be more comprehensive than any other on the market, either in the UK or throughout the world—this is the Dale 8000.

Key to the system is the central processor — a master card-working in conjunction with individual interface cards which can be easily removed or replaced for maintenance.

starting reliability with automatic reactivation of the starter, motor until it meshes and starts. There is a dual battery through a plug-in automatic charger, plus an engine driver charger.

manently and accurately monitored and timed so that unnecessary starting stopping does not occur in

the system (which meets all international standards) offers consecutive starts, even at

There is also an electronic

Maintenance at sea

EXTENSION OF territorial Postbus 316, 7570 AH Oldenzaal. waters has meant policing a much wider sea area for seaboard states, causing an increasing use of helicopters, yet high-lighting the problem of providing sea-borne landing platforms for craft which may need maintenance while at sea.

It is often quite difficult to adopt relatively small patrol boats to incorporate a landing pad which at the same time can double up as a helicopter

Dutch engineering concern, as strong as the structure of Machinefabriek Oldenzaal BV, the vessel, says the maker.

Netherlands, which collaborated with the Royal Netherlands Navy, NEVESBU of the Hague. and the Wilton Feijenoord shipyard in Schiedam, to produce a compact stable platform which folds itself hydraulically around a helicopter within a few minutes of its landing and forms a solid, waterlight hangar in maintenance can be carried out without hinderance.

The hangar can be opened and closed in wind forces of to Beaufort Scale 8 and. Solution has come from a whether open or closed, it is

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paint spraying or or fumes may be present. A respiratory protection is the only consideration, is also available.

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More from There is also a general pur- Safety and Health Products, 3M approach and includes interface pose version suitable for applica- United Kingdom, PO Box 1, sub-routines for all the devices tions such as grain handling. Bracknell, Berks. (0344 58297).

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#### security areas, such as military damage should the arm close establishments, prisons, defence on an obstruction.

ing engineers, Sir M. Macdonlad running 100 ton wagons and BR Class 47 diesel electric locoand Partners, to undertake a and Partners, to undertake a motives on the line.

condition and load assessment One of the two bridges, on

**Check on two bridges** BRITISH SUGAR Corporation Norfolk with the BR Stoke has asked Cambridge consult- Ferry branch, with a view to

survey of two railway bridges, which the consulting engineers part of a proposed upgrading of have already begun survey the company's private railway work is a three span reinforced line connecting its sugar beet concrete structure, the other factory at Wissington in West being a single span steel truss.

## COMPONENTS

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Corrosion-resistant and selflubricating, they have significant cost advantages, especially in larger sizes above in diameter.

hostile environments can more than justify the extra initial cost of coated fasteners, in comparison with standard plated produced. nuts and bolts. The big advan- Charles n besutiful Montreux, Rolle and in tages are in the simplification of chalets reasonably priced. Liberal financing terms (4.25% interest) maintenance because Enviromaster fasteners will require only a normal tool wrench to dismantle them even after prolonged exposure to corrosive conditions.

> alloys used have a much greater yield strength than BST stainless steel, there is consequently much less risk of stripping threads or shearing under extreme loads. Fluoropolymer material used

withstood in excess of 3.000 hours exposure to salt spray and the fasteners remained free from noticeable corrosion. The period of this test can be equated to many years of exposure in typical marine conditions.

ENVIROMASTER fluoro- Xylan coating gives a finish polymer-coated steel fasteners which is highly resistant to cost less than their stainless attack from hydrochloric, sultagel acquirelents but have phuric and nitric acids, sodium steel equivalents but have phuric and nitric acids, sodium greater mechanical strength, bydroxide acetone, methanol methylethylketone. phenol, xylene and many others. Fasteners are available to

order in sizes from 10 mm (3 in) diameter upwards in studs, bolts, setscrews and Increased service life in associated nuts. Various thread types are manufactured and specialist sizes can also be Charles Richards Fasteners.

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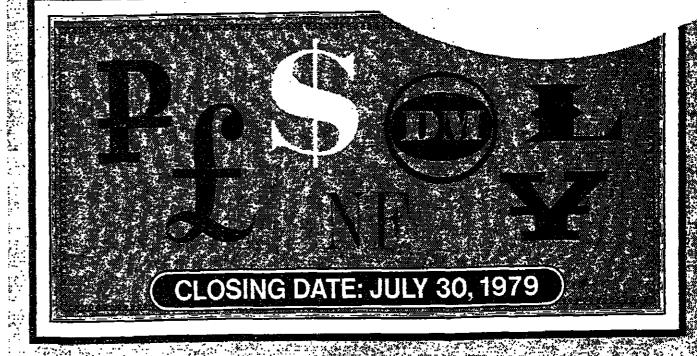
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to be published in the September 17, 1979 issue

> Written by Frank Vogi

U.S. Economics Correspondent The London Times



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Firemen dread malicious false alarms, for they tie up men and machines when life could be endangered by a real blaze. A new weapon in the struggle against boaxers is an advanced cassette recorder installed at the Oxfordshire Fire Service headquarters at Kidlington. The Racal Recorders "Call-store" can instantly replay an incoming telephone call at the same speed, or faster

or slower, providing much easier identification of the callers' voices. The operations

#### PERIPHERALS @ INSTRUMENTS **Terminals**

## for any use BELGIAN COMPANY Vector

International offers what it calls the Universal Concept Terminal which can be built and programmed to suit almost any terminal-oriented product based on a microprocessor. The collection of equipment

includes keyboard, two ninedigit displays, a 40 column alpha-numeric printer, microcomputer. power supply and five Eurocard slots for function expansion. Important element is the key-

board in which only the numeric keyboard has assigned values. Sixty-three of the 74 keys can be assigned to functions peculiar to the application so that the wherever lung-damaging dusts equipment designer can match his product to the application lightweight version. where and to the operator, often unskilled.

The keyboard module includes an interface card for the micro bus and a software routine to read the ASCII codes generated by the keys, individually programmable for simple or com-The software package avail-

Occupational able also uses a modular sub-routines for all the devices in the system. More from the company at

Research Park, B-3044 Haasrode,

## Ball races checked OF TWO mechanical engineer- the test organisation to write

ing instruments recently intro- definite numerical specifications duced by Bendix, one, known for bearing quality.

The other instrument is called as the Anderometer System, is able to measure the complex reading instrument for deterinteraction of the geometric mining the surface roughness of irregularities in ball and roller bearings.

irregularities of widely varied amplitude and spacing which The system enables these under a thrust load and enables (061 273 6321).

Dial and digital readings may Buth the raceways and the balls/rollers have small surface be taken and with the latter the correct measurement is shown within three to six seconds during running give rise to regardless of stroke length, complex cam actions with The units are available in The units are available in the resulting noise or vibration. UK from Staveley Electro-The system enables these technic Service, 68 Grosvenor

characteristics to be measured Street. Manchester M17 EW **@ COMPUTERS** 

materials.

ABILITY TO change quickly and easily the operating para. programmable meters of any kind of equip-Data transfers are baud. ment has been one of the principal advantages of applying the microprocessor. The receive and transmit vectors for ing the microprocessor. each channel. latest device to so gain is the multiplexer.

family of computers, such a stop codes of one, one and a half multiplexer has been designed and two bits. by Computer Automation for asynchronous data transfer between the processor and local Mini 4 chassis and a four chan- audible alarm and wide range of or remote RS-232 devices.

Programmed multiplexer There are for example. 16 transmission rates ranging from 50 to 19,200

the Profilometer and is a direct

metals, glass, plastics and other

For use with its Naked Minj 4 are programmable, as are the

The multiplexer is on a half card that will fit any Naked

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cease to trade, Marks and Spencer can laugh all the way to the bank and Boardroom, because its shops use an electricity mains failure system from Dale Electric of Great Britain. Electricity Buildings, Filey, Yorks, (0723 514141). When refrigerated foods displays, cash registers, general

lighting and shop window illuminations are all dependent on a non-stop supply of power. it is essential that no hiatus occurs—in the case of M and S, which guarantees total perfection of its foodstuffs, loss of power could mean the destruction of tremendous amounts of food stock-but the company is always prepared. . .

As standard, it offers greater

After the load has been trans-

ferred back to the mains, the engine runs on to cool off before stopping, thereby increasing Condition of the mains is per-

transient conditions. In addition, says the maker,

three-line ammeters, frequency interrupt-driven, with separate meter and voltmeter with phase to phase and phase to neutral switches, pushbutton controls. In addition, character lengths instant indication of battery of five, six, seven or eight bits condition with battery voltmeter, and a big capacity battery to give more than six 0 degrees C.

nel version costs about £577. remote control functions.

UK pioneers of

pre-retirement

## Jaguar-Rover-Triumph race against time on the American circuit

BY KENNETH GOODING

IF Jaguar Rover Triumph, BL's dealers was seiling 44 cars a destined for the U.S. market, producer in the world league— cedes' dealers and 95 by those and according to some insiders handling Volvos. The JRT network now has However it has already been

market. Yet for some years was 111 car past Jaguar Rover Triumph Inc., profitable. as the U.S. marketing organisation is now called; has suffered inflicted injuries.

One of the main difficulties, of course, is that it could not rely on continuity of supply from the UK car factories. "Now the crunch has come. 1979-80 is make-or-break year for JRT Inc.", maintains one BL

executive. But Graham Whitehead, the British-born president of JRT Inc. for more than ten years. does not see things in quite that way. He is confident that JRT growth from its own resources and local borrowing in the

He points out that last year output of the TR7 sports car in Britain was curtailed as produc-bution in the States. At present tion was transferred from Speke to Canley. The U.S. is really the TR7's "home" market because in a normal year about half the production would be sold there.

As a result of the TR7 changes, JRT Inc's unit sales in 1978 fell from 68:371 to 47.885. Even 'so, turnover reached and the business remäined profitable, says Mr.

Whitehead.
JRT has been in an almost constant state of reorganisation since it was formed—as British expect a successful ontcome." Leyland Motors Inc-in 1968 at the time of the British Motor and Leyland

merger.
At that stage rationalisation was sorely needed because the new company inherited 1.340 dealers. Much has been done upgrading the network — a

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.. .June 1979

subsidiary, is finally to emerge year compared with, for any severe downturn in demand as a solidly-based specialist car example, the 78 sold by Merwould give JRT in the UK major

prospect—its American business 430 dealers and in a normal year they would each be selling 145 its U.S. specification will be pre-JRT gets one quarter of both its cash turnover and production in unit terms from the U.S. throughput for each dealership "sticker" price (or manufacthroughput for each dealership "sticker" price (or manufac-was 111 cars and each remained turer's recommended retail

Progress on trimming the network has been slower than it from the parent company's self- might have been because in many individual states a dealer once hired is virtually impossible to fire, because of local anti-trust laws. This means that them are well-entrenched but it have had to be made to make

them give up and go away.
With the vast majority of its cars being sold on the West Coast, JRT is still too heavily represented in the North East of the U.S. In 1968 there were 300 dealers in the North East and there are still 89, but JRT Inc. has a solid base for future reckons the ideal number would growth and can finance that be 55.

### Legal action

it splits the U.S. into eight areas and handles its own distribution in half of them. The remaining independent distributors have been told their contracts will end in March, 1980.

Three of them have negotiated agreed settlements but Motors, with 4.5m car sales, was one. Royston Distributors, based in Pennsylvania and distributor for seven East Coast states, has begun legal action to stop the dent marketing, says the com-But Mr. Whitehead maintains: we will be able to proceed and

By taking over all its own distribution in the U.S., JRT allocated to the independent dis- they are working on the same tributors or sacrifice some profit combination more frequently.

by adjusting its prices to keep Another benefit of the reducto cut back the numbers with for example, be beneficial to BL JRT is saving money on the the aim of making the JRT as a whole when it wishes to emission control and safety tests franchise more profitable for keep the factories in the UK all engines and models must those remaining and generally operating at a high level.

decided that the Rover 3500 in price) in the region of \$14,000

when it is launched in January.

In the U.S. the Rover will be slotted into a highly competitive segment of the car market and be up against the Audis, Volvos and BMWs from Europe. All of suitable financial arrangements is so long ago that the Rover name was used in the U.S. that it will be new to many potential customers. Some do know the marque and JRT's approach will be to capitalise on the American perception of the Rover as a sports car and sell it as "an adult sports car with the added bonus of four doors." Styling has particular importance in the States and if the shape of the Rover 3500 does get favourable reaction—and initial marketing surveys suggest it might-then the model might not be such a low-volume one after all.

> In the past JRT has also suffered from the common BL complaint, a surfeit of models. In 1968 it was offering 23 models with 17 drivetrain (engine and gearbox and axles) combinations but selling only 60,000 cars. At that time General using just seven drivetrain com-

Mike Dale, JRT's vice-presipany has now reduced the list to seven models and five drive train combinations. This has enabled the group to improve its service back-up because it is easier to train mechanics on will have more flexibility. It can all the varations and they beeither take the profit previously come more efficient because

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The convertible version of the TR7-2 key JRT seller in the U.S. market

testing procedure—not a big already have been "reliability Jaguar saloons, of which about addition to a \$22,000 Jaguar but tested" before they reach the 2,000 a year are sold in the U.S. considerable burden for the \$5,000 MG Midget:

Bruce McWilliams, vice-president product planning, suggests that, because of the tests and their cost, the ideal combination for any car manufacturer in the States from now on would be one engine, one transmission and two or three bodies with which to wrap them.

#### Customised

Ironically, though, JRT is benefiting from this very trend. The U.S. groups are being forced by legislation to produce fewer varieties of cars and those that are supposed to be different look very much alike. So those motorists who want something out of the ordinary are either customising" their cars— bolting on or sticking on bits and pieces to give a vehicle-an individual personality—or by buying

low-volume imports.

The other important factor is that sample vehicles have to undergo 50,000 mile tests to pass upgrading the network — a What it decides to do may on sale in the U.S. It costs at the emission control regula-"quality not quantity" approach, well vary from model to model, least \$1,000 a car sold to put tions: the component parts of In 1968 each of the JRT For example, with half the TR7s the JRT vehicles through this any new JRT models will

The backbone of JRT's American business is provided by the MGs and it was for this reason that responsibility for the MG plant at Abingdon in the UK was recently switched from Austin 5,000 in 1980. Morris to JRT.

well as suffering the inevitable supply difficulties) BL decided its American business that should be confined to specialist cars and not those made in volume.

Last year JRT sold 8,500 MG Midgets and around 19,000 MGB sports cars. This year the Midget is being phased out. MGB sales are expected to reach 22,000, up about 14 per cent.

The potential for the revised version of the TR7 and the soon-to-be-launched TR8, which incorporates a version of the Rover year. The vast majority of TR7s within the BL car operation will be sold in the convertible well as the people who hope form in the States.

Unambiguous

Jaguar saloons, of which about are currently suffering from the petrol shortage—they are seen by customers as "gas guzzlers." even though in reality they are not. Sales of the Jaguar XIS. however, are forecast to move ahead from 3,500 in 1978 to

Morris to JRT.

After a disastrous experience with the Marina in the U.S. in 75,000 cars next year but "a the mid-1970s (it had the wrong specification for the States as 65,000." At that level turnover. should reach around \$425m.

He believes that an annual unit growth rate in sales of 15 per cent is well within the bounds of possibility for the medium term. .

But, as in the past, the main factor affecting performance in the U.S. is likely to be supply, not demand. Graham Whitehead put it this way: " We will need continuity of supply and the momentum provided by new models to keep our position."

And that, of course, echoes V8 engine, is for 30,000 in a full the sentiments of most mana well as the people who hope to sell vehicles.

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"Pay ... one three seven three
pounds 68" and on the next
line wrote the figures "£1373-68" hut the bank wrote to me saying that "this method of drawing cheques is in breach of banking regulations as to conform to the conditions of the Cheque Act the cheque must be drawn for a sum certain in money." Do you

There is no provision in the Cheques Act 1957 of the kind mentioned by your bank. How-ever Section 3 of the Bills of Exchange Act 1882 does Exchange Act 1882 does require that a bill of exchange be drawn for a sum certain in money. However we take the view that the form of cheque copy is for a sum certain in money-any possible ambiguity the figures. It is to be noted that the common practice of drawing cash from the bank on a cheque form which is com-pleted to read "pay cash" does not comply with Section 3 of the 1882 Act, but banks regularly turn a blind eye to this practice.

## Signing an indemnity

The certificates for some shares I bought through my bank some time ago, have, the bank states, never been received by some time ago, nave, the bank states, never been received by them. In order to obtain duplicates I am asked to sign an indemnity completely in their favour, about which I am unhappy. What, please, do you

The kind of indemnity to which you refer is very often required as a condition of the issue of a duplicate certificate, but this practice is in our view not justi-fied. You may be able to rely on Section 80 of the Companies Act 1948 (which requires the company to issue a share certificate) if it can be established that no certificate ever reached to its having been received, but having been lost since).

#### Dismissal procedure

Could you please explain the follow in order to dismiss an employee of less than six months' standing and also what right of appeal the employed might have?

There is no special procedure: notice should be given in accordance with the terms

planning

EMPLOYEE BENEFITS

pension provisions are adequate, a so that retiring employees do not suffer a drop in their stan 15 to 20 employees and their dard of living. But how much spotises.

further should companies go to Examples of the subjects

ment as is enough money. But home.

most employees give little or no

But L and G emphasises that post employees give little or no

#### Whole-hearted

Pre-retirement planning can ease this transition, and the employer can considerably help by providing pre-retirement

On May 29 an article on this

field were proving successful because the personnel involved for its own employees had thrown themselves wholeheartedly into the concept of pro-retirement counselling, pro-retirement working at it full time.

very much a human relations exercise. The company can provide the finance, but if the people are not motivated or just not available, then what does the employer do?

An answer was given late last month by Britain's leading pensions company, Legal and General Assurance, when it launched its pre-retirement counselling service.

As comployers Legal and General has provided a pre-retirement counselling service

for its employees for many years, under the supervision of Christine Britton She bas thrown herself wholeheartedly on that experience, L and G is the problem, but has not offering a pre-retirement counservice to employers, irrespective of whether they

The main service provided under this scheme is simply to: arrange courses for employees opproaching retirement. Put like that, it sounds easy. practice, it involves a lot of planning and organisation.

AN employer responsible for Legal and General holds the sembloyees once they have view that the best means of comretired? It is now accepted that municating the problems and companies should ensure that opportunities of retirement is on two-day course, held in informal surroundings for about

dard of living. But how much spotses.

further should companies go to finance that employees have a covered in a two-day course are:
happy and profitable time in day 1, adjustment to retirement, often dubbed "the company pension; holiday time; longest holiday in a person's state benefits local benefits and live."

Entreys have shown that good employment; and day 2, finance the company pension; holiday time; but the company pension; holiday time; company pension; holiday time; company pension; follows the complex pension; holiday time; complex pension; health, comfortable housing and cial considerations; fitness in rearrange a fully occupied life are just as essential for an enjoyable retire relaxation, and safety in the

thought to any of these features this is not by any means a rigid before retirement and then find programme. The keynote is the transition a traumatic flexibility, and fitting in with the experience.

A course would be arranged locally to suit the employees' needs, with local experts giving the talks. Although L and G arranges the speakers—people like local bank managers—it ses that they are com-

pletely independent.

Another service is offered by page showed how one major Sedgwick Forbes Bland Payne, company in the UK—Ford—had as part of its employee benefit company in the UK—Ford—nad as part of its employee veneral become extensively involved in consultancy service. The comprehaning employees for retire pany has found that more ment. More and more companies, employers are realising that are adopting a similar practice, they should do something, and if only on the grounds that if are therefore looking to a conthey don't nobody else will suitant to arounde the answer, either. The previous article showed advantage of having already that Ford's operations in this operated, a successful prefield were proving successful retirement counselling service

### Concentrated

This is essential to the suc-party to handle the pre-retirecess of counselling, since it is ment tonditioning is all very well as far as it goes. But it is not likely to provide a complete answer to the needs of employees: Two days may sound like a long time, but a glance at the timetable shows how concentrated are the subjects. There cannot be much time for dealing with individual

inquiries.
The employee is also likely to think of questions after the course is over. There should be a rapid follow-up service to each course, so that individuals candiscuss their own problems. Many big companies' in-house courses allow for this.

Legal and General is aware of ing it. At the end of the day, it bave an established connection ployer is prepared to pay for the

### Eric Short

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\*Easing into Retirement—Legal and General Assurance Society, Kingswood House, Kingswood, Tadworth, Surrey, KT20 6EU.

# When you dine at the Princes Room, better look out.



The Princes Room with its • cocktail bar at the Tower Hotel has one of the most breathtaking views in London, overlooking Tower Bridge and the River Thames.

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Banca del Cimino

Banca Mercantile

Banca Sella

# - IFA CITROEN CX-CAN DOTHIS ON THREE MHEELS, IMAGINE HOWSAFE IT IS ON FOUR.



automatically compensates to keep the carlevel.

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E2 . E

More impressive, the car could now be driven on three wheels.

The practical benefit of all this becomes apparent when considered in terms of everyday driving conditions on the road.

If you had a blow out on any wheel at high speed the self-levelling suspension would allow the CX to continue on course as if nothing had happened.

Remarkable though this may be, the outstanding engineering achievement of hydro-pneumatic suspension is the way it combines an uncommonly smooth and comfortable ride with tenacious road-holding.

An additional contribution to road-holding comes from Citroën's VariPower steering. Extremely light at low speeds, VariPower scores over other power steering systems in that it grows progressively firmer with increasing speed on the open road. It also prevents wheels being deflected by loose stones or uneven surfaces.

The combination of front wheel drive with VariPower steering adds yet further to the car's handling characteristics.

The CX offers all this on one of the most luxuriously appointed range of saloon cars on the road today. It is a spacious car with superbly designed, cloth upholstered seats that are more comfortable than many a favourite armchair.

When you add it all up, the CX is truly remarkable.

But of course.

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Model	BHP	Top Speed	Price		
CX2000 Super	102	109mph	£5795.62		
CX2400 Super (5 speed)	115	112mph	£6479.58		
CX2500 Diesel Super (5 speed)	75	97mph	£6732.48		
CX2400 Pallas (5 speed)	115	112mph	£7131.15		
CX2400 Pallas (C-matic)	115	lllmph	£7335.47		
CX2400 Pallas Injection (C-matic)	128	112mph	£7798.92		
CX2400GTiInjection (5 speed)	128	118mph	£7776.50		
CX2400 Safari Estate	115	108mph	£6656.49		
CX2500 Diesel Safari Estate	75	90mph	£7038.95		
CX2400 Familiale	112	108mph	£6778.58		
CX Prestige Injection (C-matic)	128	2	£10,416.41		

Prices include cartax, VAT, and inertia reel seat belts, but exclude delivery charges £83.95 (inc. VAT) and number plates. Prices correct at time of going to press. All Citroën cars have a 12 months unlimited mileage guarantee. Check Yellow Pages for nearest dealer and ask about our Preferential Finance scheme. Please enquire about our Personal Export, H.M. Forces and Diplomatic schemes to: Citroën Cars Ltd.; Mill Street, Slough SL2 5DE. Tel: Slough 23808. LOMBARD

## Priorities and cash limits

BY PETER RIDDELL

A MAJOR and largely unappre-

Public spending plans are trasector. For instance, the Budget necessary savings, working with-measures included about £1.5bn in the stated cash allocations.

of specific cuts in programmes. In addition, cash limits have been used since 1976 to keep expenditure to planned levels expenditure to planned levels in short discriptions a re-in current prices. This has turn to the familiar "misery worked satisfactorily when pay for all" method of spending and price rises have been pre- cuts but with the important dictable. Even in 1976-77, when difference that decisions on prices on non-pay items rose by roughly 5 per cent more than the the Cabinet but by programme level originally allowed for the managers. This avoids the need roughly 5 per cent more than the limits as a whole were not increased and only two out of 125 limits were broken.

The consequent small squeeze on the volume of expenditure has in the past been regarded as almost accidental, though possibly helpful in stimulating efficiency. The position is different now, principally principally because the gap between expectation and outcome is larger than before. Public sector pay settlements have been well above the last Government's guidelines and the rate of price inflation has been faster than expected.

### Manpower

In response the Labour which would have reduced the offset some of these adverse effects. The Conservative administration has gone slightly further. Cash limits are now being used to support a general cut of 3 per cent in civil service manpower costs instead of a reduction of at least 2 per cent proposed by Labour.

In many respects Sir Anthony the Treasury is : sensible. the Rawlinson. Second Permanent Secretary responsible for public spending, has argued that to treat volume spending plans as unalterable if inflation rises faster than expected is in effect to index accelerating cash expenditure contribute to and would

Finance should clearly determipe expenditure and it is wrong that public sector pay

† Indicates programme in

black and white

BBC 1

10.55 am-1.15 pm Cricket: Benson and Hedges Cup semi-

fidal: Essex v. Yorkshire. 1.30 Barnaby. 1.45 News. 1.55 Tennis

and Cricket. Wimbledon and Benson and Hedges Cup semi-

rises should be automatically ciated change in the methods of financed. But the Government is controlling public expenditure making a virtue out of the nechas occurred in the last few cessity of a deliberate generalmonths. This concerns the use ised volume squeeze. Mr. John of cash limits and has far- Biffen, the Chief Secretary, has reaching implications for the claimed that an advantage is way in which expenditure that the "effects are fairly decisions are reached. evenly spread between capital and current expenditure. ditionally decided in volume also leaves those responsible for terms at constant prices. This allows the Cabinet to determine spending the money to decide their own priorities and their the balance within the public own methods of effecting the

### Misery for all

In short this represents a respecific items are not taken by for possibly acrimonious Cabinet debates about spending cuts and oriorities. This approach may have been

necessary in the unusual cir-cumstances of this year but the precedent should not be followed. Such a large squeeze may not be sustainable for more than a year after, for instance, the end of recruitment bans. Mr. Joel Barnett, the former Chief Secretary and a strong supporter of the use of cash limits, has already warned that there may be an element of double-counting in the Budget calculations.

The plausibility of cash limits is also called into question when, as this year, they have to be completely revised only a couple of months after the start of the Government set cash limits financial year. Apart from the specific programme cuts this was planned volume of spending to principally to take account of public sector pay deals well above the original pay policy limits. It would be far more sensible if cash limits were fixed after the completion of such negotiations. This need not mean that high pay awards are automatically financed but it would make the limits more this realistic and effective.

A more fundamental question is whether cash limits should anyway be used as more than just as a financial discipline. There may be something to be said for decentralising more expenditure decisions. But a generalised squeeze, as this This would lead to year, is arbitrary between programmes which have varring priorities in the eves of both Ministers and voters. Such key issues should be decided by the Cabinet, not through the back

## 4.45 Vision On. 5.10 Go With TV Radio

South-East only).
6.15 Wimbledon highlights.

7.40 The Liver Birds. 8.10 The Omega Factor. 9.00 News: 9.25 Koisk. 10.15 Americans.

11.05 Tonight. 11.45 Weather/Regional News. All Regions as BBC-1 except at the following times:—

5 More competent sailor left on Queen Elizabeth (5)

6 Dare to notice enterprise (9)

7 Small amount of perception

8 Stopped work and changed

special delivery at Lords

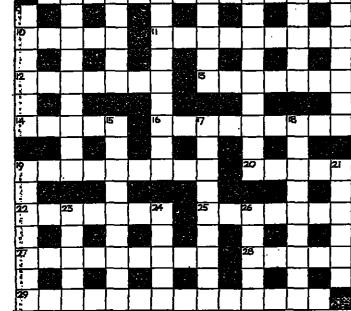
small mouthful (4, 2)

wheel cover (7) 9 Loud beats in cinema (6)

(3. 6)

finals. 4.18 Regional News for Scotland—9.45 am Magic England (except London). 4.20 Roundabout. 9.50 Jackanory.

## F.T. CROSSWORD PUZZLE No. 4,012



ACROSS 1 Dramatic type of store personality (5, 9) 10 Let down by noisy cow (5) 11 European joins spring sporting event (4, 5) 12: Dog on a hill needs a keeper

13 Cowman raced with third- 15 Talk of the devil on route ? rate female (7) 14 Desmond came back round 17 Magazine unaccustomed to

Virginia and was redeemed 16 Displeased when put out of 18 Speed ascent of play for

19: Warder from southern Ire-land used to clear bottle-necks (9)

19: Beastly impertinence is a bloomer (7)
21: Adds a wee dram—just a action (9) 20 First person turned round and bumped into hill worker 23 Rule Kings? Goodness me

22 Wood from which bats 24 Girl upset footballers in association with bundle (5) emerge (7)
25; Develop golf championship
26 Time to see poetic muse (5)
Solution to Provide No. 4,011 away from home (4, 3) 27 Part of crew using inferior

pack of cards (5, 4) 28 Farewell to a sound subscription (5) 29' Drove professionally but was hard up (6, 3, 5)

DOWN

2. One of London's sights finished by dwarf (5. 4) 3: Thanks motor club upset by oold standard (5) 4 Policeman drawing on North Eastern Railway for business colleague (9)

## Waterway joys

There may even be prosperity after a winter dominated by pay disputes, uncertain weather and dramatic tales of aqueducts, bridges and tunnels in imminent third of Britain's estimated years

Fortunately for the hire ment companies as an almost companies, the boat builders guaranteed way of reaping a and the holidaymakers, steady income. A boat can yield and the holidaymakers, steady income. A boat can yield urgently needed repairs are now under way and a five-year f25m programme, promised by the last Government after nine years' delay, gives grounds for future hope.

Bookings this April were said to be a third up on last when an estimated 500,000 steady with the investors' interest lies a steady 8 per cent growth record for the hire boat industry. The most rapid increase took place after World War II and reached a peak in 1973, in a rapid spurt of growth

said to be a third up on last year, when an estimated 500,000 people took to the waterways for their summer holidays.

The assurance from the Association of Pleasure Craft Operators that no holidays will places for recreation. There be spoiled by further closures were over 60,000 boats regisbe spoiled by further closures in the summer will be wel-comed by the holiday makers. Yare, Bure and Waveney com-Mr. John Williams, the association's chairman, said most of Thames Conservancy and the the members' boats do not go Anglian Water Authority in the members' boats do not go Anglian Water Authority in more than 50 miles from base. 1977. By juggling routes we will be able to give everyone what they have paid for."

at around £65 per person per from hire charges takes no

BRITAIN'S holiday boat indus- week in the summer-and away account of the £4.3m income try is looking forward to a from the crowded motorways from mooring and storage period of calm this summer, and beaches. charges in 1977/78, which rose The enthusiasm has

danger of collapse through old 5,000 pleasure boats for hire are owned by individuals or invest-

1972, in a rapid spurt of growth closely related, according to boat operators, to the interest shown by holidaymakers in BBC programmes on the canals as tered or licenced by the Rivers

The estimated 500,000 people who took holidays on the canal and waterway system in the The large increase in bookings so far this year reflects the enthusiasm of Britons and the enthusiasm of Britons and the boat operators of almost tourists from overseas for £6m, according to the Ship and waterway holidays. The holidays have the virtues of being tion. This compared with £6.3m convenient, rea:onably priced—in 1976/77. But the income

from the £2.4m of the previous

the Federation.

waterway holidays in those years is unlikely to be repeated

10 years ago. The slow growth in boat numbers reflects the

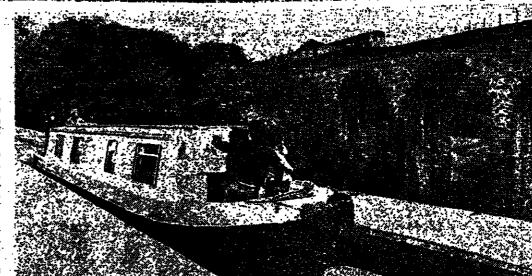
This prosperity was welcome after the downturn in the twin years of drought, 1975 and 1976. when many first-time water-born holidaymakers found difficulties they had not envisaged while poring over the travel brochures. Many canals and waterways ceased to be the lazy, winding bands of blue stretch ing through the hazy English countryside. The haze was there all right, but the water often wasn't. The income from hire charges was only just above £1.5m in 1974-75, according to

By raising their charges two years ago to compensate for the poor returns of the drought years, many hire companies lost more custom. The "halcyon years" of 1972 and 1973 seemed a long way off, until this April, according to Mr. James Hoseason, the chairman of the 30-year-old Lowestoft boat holiday booking company of the same name.

The boom in popularity of

this summer. Part of the pro-blem is lack of water space rather than lack of demand. The Norfolk Broads have a total of 2,100 hire boats avail-

able, compared with 2,000 boats



Broads "finite water resources" according to Mr. Hoseason, Congestion is already a minor problem at certain popular areas of the Broads and on the canals, at junctions such as the Fradley Junction in the Mid-

The Broads accounted for half the total of UK boat hire holidays last year. The Thames was the second largest and fastest growing area, with 500 boats for hire compared with 380 boats n decade ago.

But the fastest growth in the number of hire boats available has come from the canal and river networks, ranging from Recent's Park in London to-Lancaster. There is now a hire fleet of 1,600 canal boats, double the number of only seven years

canal narrow boats, but even may be tailing off. This is reflected in the nalving to 20 of the number of specialist narrow canal boat

builders still in business compared with only seven years ago. Ten per cent of the holidaymakers are from overseas and it may appear odd that a foreigner should want to spend in industrial his holiday in industrial Macclesfield, Kidsgrove, Man-Middlewitch. and

Cheshire. The greatest attraction, howis the Peak Forest threaded by the canal over much of its length.

Britain's canal network would All the boats are traditional lay claim to this industrial features in two weeks time.

interest and natural beauty. in this high growth area, there There are many stretches where is every sign that the rapid rise the canals are a sore sight for cyes, foreign or native.

The British Waterways Board, which has statutory duty to maintain 2,000 miles of waterway in Britain, has been quictly describing the need for essential renairs and maintenance work on its canals as "urgent" for nine years. It would then have needed £21.8m to meet the arrears of maintenance.

This had risen to at least £60m by last year and the first Government aid of £10m towards the £25m repair programme to 1983 for these repairs only nuch of its length. hecame available last year.

Not all the stretches of Robin Lane-Fox is ill and expects to resume his gardens

## Northleach weighted to win

the Pevensey Handicap (4.00).

Switching from Brighton to Yarmouth. I expect Michael Stoute to win the Somerleyton

Stakes (2.15) with Broad

Principle, who ran on well in

the closing stages of the Ches-

ham Stakes at Royal Ascot, and

who will be suited by the addi-tional furlong here. Stoute can

complete a double with

who has yet to run a bad race

this season, will require some beating in the Tennant Cale-

Martham Stakes (3.45).

NORTHLEACH IS the type of several of today's prizes at horse that most people would Brighton. Apart from J. Dunbe pleased to own, for he has lop, the trainer of Northleach, won more than his share of M. Bolton, whose Lewes stable races.

A gamble when

Although Raceform Note-book (whose comments I normally subscribe to) dubbed month, can retrieve losses in the him a rosue following an inept Kingston Selling Stakes (300). display when odds-on favourite and Azd, trained by Michael for a handicap at Newcastle on Masson, also at Lewes, has Solar Gift and Dominator to beat in

> RACING BY DARE WIGAN

Faster Monday. I prefer the Racehorses of 1978 assessment of "genuine and consistent." Which of these two conflicting criteria is the more accurate Philigree, an improving filly, will be decided by the running who trotted up over 13 furlones of the Friend-James Memorial at Ayr last month, in the of the Friend-lames Memorial Handicap (2.30) at Brighton There is no this afternoon. denying that Northleach is weighted to win judged on the balance of form.

Local trainers look like hav- donian Carlisle Bell Handicap ing a say in the destination of (3.15).

Play School (as BBC-2 11.00 am). General Hospital. 3.20 About 10.05 Don and Pete, 10.10 Desert Britain, 3.50 Definition, 4.20 The Adventure 10.35-10.55 Take Hart, Sooty Show, 4.45 Enid Blyton's 5.55 Nationwide (London and 5.55-6.15 pm Reporting Scotland. Famous Five. 5.15 Batman. 11.45 News and Weather for Scot-

> Wales-5.10-5.40 nm Billdow-car. 5.55 Wales Today. 6.15 Heddiw. 6.25 Join BBC-1 (Wimhledon). 11.45 News and Weather for Wales. Northern Ireland — 4.18-4.20

nm Northern Ireland News. 5.55-6.15 Scene Around Sir. 11.45 News and Weather for Northern Treland.

England—5.55-6.15 pm Look East (Norwich): Look North Leeds, Manchester, Newcastle): Midlande Today (Trmingham): Points West (Bristol): South Teday (Southampton): Spotlight South-West (Plymonth).

BBC 2

10.20 am Gharbar. 11.00 Play School.

and Hedges Cup semifinal.

8.10 Georgia O'Kneffe: tribute to the American painter, now 92 years old.

9.00 Persants, Politicions and Power. 10.20 Wimbledon highlights. 11.10 Late News.
11.25 Cricket: Benson and
Hedges Cup semi-final
(highlights).

11.55 Closedown.

LONDON 9.30 am Schools Programmes. 12.00 The Adventures of Rupert Bear. 12.10 pm Once Upon A Time. 12.30 The Sullivans. 1.00 News plus FT index. 1.20 Thames News. 1.30 Crown Court. 2.00 Afternoon Plus At Home. 2.23

5,45 News. 6,00 Thames At 8. 6.25 Help! 6.35 Crossroads.

7.00 Don't Just Sit There. 7.30 Coronation Street. 8.00 You're Only Young Twice. 8.36 Best Sellers,

10.00 News. 10.30 Here Today, Here Tomorrow. 12.00 Crits, presented by Chris Dunkley.
12.15 am Close: Personal choice

hy Kenneth Connor. All IBA Regions as London except at the following times:— ANGLIA

1.25 pm Anglis News, 2.00 House-perty. 5.15 Mr. and Mr4, 6.00 About Anglis. 12.00 Police Surgeon, 12.30 am The Big Question. ATV

2.00 nm Tennis and Cricket: 12.30 pm The Story of Wine. 1.20
Wimbledon and Benson 5.15 Sam. 6.00 ATV Today. BORDER 1.20 pm Border News. 2.00 House-party. 2.25 The Royal Show. 5.15 Gembri. 6.00 Lookeround Vandnesday. 12.00 Border News Summary.

CHANNEL 1.20 pm Channel Lunchtime News and What's On Where, 5.15 Emperdale Farm, 6.00 Channel News, 6.10 One Man's Music. 10.28 Channel Inte News, 12.00 Police Surebon, 12.25 am News and Weather in French followed by Epilogue.

GRAMPIAN 9.45 am Fres Things. 9.50 The that Islands. 10.10 Men From Atlantis 10.56 The World of Wizards. 11.50 Cartoon. 1.20 pm Grampian News Headlings. 2.25 The Boyal Show. 5.15 Emmerdale Farm. 6.00 Grampian Today 12.00 Reflections. 12.05 am Grompian Lats Ninkt Headlines.

**GRANADA** 1.20 pm Cartoon, 5.10 The Underses Adventures of Captein Nemo, 5.15 Crossroads, 6.00 Graneda Reports, 8.30

Cepital Radio: 1548kHz, 194m & 95,8vhi

3.15—Queen's Pride 3.45—Philigree CARLISLE 3.15—Priestcroft Boy 4.15—Carnival Dance

2.30-Northleach\*\*

3.00—Crown Major\*

YARMOUTH

2,15-Broad Principle\*\*\*

Peyton opens BR centre MR. JOHN PEYTON, MP. officially opened British Rail's Nottingham Computer centre yesterday and named it John Perion House.

It is an operational centre where the processes include payroll, stock control, work scheduling and financial applica-At Carlisle, Priestcroft Boy, tions for BR and BR Engineering. The building has been named in appreciation of Mr. Peyton's support for BR during his four years as Transpor

The Squirrels. 12.00 A Question of Sex.

HTV

1.20 pm Report West Headlines. 1.25
Report Welss Headlines. 5.20 Crossroads. 6.90 Report West. 6.15 Report
Valus. 6.30 Emmerdale Farm. 12.00
George Hamilton IV.
HTV Cymru/Wales—As HTV General
Newyddion Y Dwdd. 4.20-4.45 'Rydw
I Am Fod. 6.00-8.15 Y Dydd.
HTV West—As HTV General Service
except: 1.25-1.30 pm Report West
Headlines. 6.15-8.30 Report West.

SCOTTISH 9.30 am Castaway. 9.55 Clue Club.
10.20 Finnish Nature. 110.30 Feature
Film: "Life Begins At 8.30." starring
Monty Woolley and Ida Lupino. 11.45
Flying Birds. 1.25 pm News and Road
and Wasther. 2.25 The Royal Show.
5.15 Popaye. 5.20 Croserosds. 6.00
Scotland Today Summer Extrs. 6.30
Talking Scota. 12.00 Late Call.

SOUTHERN 1.20 pm Southern News. 2.00 House-party. 2.25 The Royal Show. 5.15 Betty Boop. 5.20 Crossroads. 5.00 Day By Day. 6.35 Scene Mid-Week (South-East area only). 8.00 "Love and Pain and the Whole Dama Thing," sterring Maggie Smith and Timothy Bottoms. 12.00 Southern News Extra.

TYNE TEES 9.25 am The Good Word followed by North-East News Headlines. 1.20 pm North-East News and Lookeround and Where The Jobs Are. 5.15 The Bredy Birich. 6.00 Northern Life, 12.00 The Odd Couple, 12.30 am Epilogue.

ULSTER

1.20 pm Lunchtime. 4.10 Uistor Nows
Headlines. 5.15 Cartoon Time. 5.20
Crossroads. 6.00 Uister Television
News. 5.15 Look And Ses. 6.30 The
Filinatones. 12.00 Bedtime. WESTWARD

122.7 pm Gus Honeybun's Birthdeys.
1.20 Westward News Heedlines. 5.15
Emmeridate Farm. 6.00 Westward Diary
10.28 Westward Late News. 12.00
Police Surgeon. 12.25 am Faith For
tile. 12.30 West Country Weather and
Shipping Forecast.
VODE SHIPE YORKSHIRE

1.20 pm Calendar News. 5.15 Gambit. 6.00 Calendar (Emisy Moor and Bel-mont editions). 12.00 The Entertainers footuning Roger Whittaker. (S) Staroophonic broadcast

## ENTERTAINMENT GUIDE

OPERA & BALLET A single entertainment.

SAISEUM. Credit cards 240 5258,
Risservations 836 3167
ENGLISH NAITONAL OPERA
522500 opens Aug. 6: 2 Cycles. The Right
of the Nibelung. Die Fiedermass. La
Traviata. Booking is now upon.

COVANT GARDEN. CC. 240 T055.
Gardencharpt Credit Cards 836 6903.
THE ROYAL OPERA
Ton't & Sat 7.30 The Rake's Progress.
Fri & Tue 7.30 idomenso. Mon 7-a.
Cavalleria Rogicana Paciliaci.
63 Amphi seata avail, for all ports from.
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ANYONY AND CLEOPATRA is id out—
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With: Bu'gakay's THE WHITE: ""
Treat peri, 9 July), John O'Keeffe's
WILD OATS (next peri, 11 July).
RSC also at THE WAREHOUSE (see under W).

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EV. 5.00. Fri. and Sat. 5.30 and 5.30.
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B OD I E S

" THE JAMES SAUNDERS
" THE MFACT HIT ME LIKE A
THUNDERBOLT FROM JOVE. THE
LANGGACE BLAZES WITH WIT AND
INTELLIGENCE. AND ITS THEME
ELECTRIFIES." Daily Mail.
" WHEN WE HAVE A FUCKHED AT 173
" WHEN WE HAVE A FUCKHED AT 173
WITH SEAN HALD IN FREELED IN THE
OLOUIS AND LAYERS OF 175 LANGUACE BODIES STILL RAISES ETHO
AFIER ECHO IN OUR MINDS AND
HEASTS. DIRSDALE LAN FRYS FIRE
TO SEE." BEFINAT LEVIA.
" MR. LANDEN GIVES YHAT I INSIST
IS THE BES." PC. GRY A" F IN
MODERN PLAN NOW TO BE SEEN IN
POLLO THEATRE. C. 01-437 266...
LAYENGE CONT. AND CHRISTOPPER
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BAYMARKET. CC. 91,830 9832.
Evenings 8.00. Wed. 2.30.

KEITH SUSAN
MICHELL IN SUSAN
"THE CRUCIFER OF BLOOD
BY PAUL GIOVANNI
"The kind of speciacle I cannot recall
since boyhaod ... berrike stuft." News.
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Beenings 8.00 F. P., Sal. 219 and 8.45.
The New Fact Waller Musical Show
"A ROTOUS HIT." Deliv Mail.
"JUBILANT, THE BEST PERFORMANCE
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PATHICIA HAYES IN
FLOWRIGHT HAYES IN
FINLAY
PATHICIA HAYES IN
FANK
OF SUBJECT OF THE YEAR
"TOTAL TRUMPH" Erenting News.
"AN EVENT TO TREASURE" D. MITTOT.
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Previews from 11 July as 8. Opens 17

July at 7. Subs. eves. 8. Sat. 5 8 8 15.

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STRATFORD JOHNS in
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BLOTKBUSTING SMASH HIT
MUSICAL Daily May.
Best Musical of the Year 1976. E. Sci.

WAREHOUSE. Donmar Theatre. Covent Garden. Rox Office: 836 6803. Royal Stakespeere Co., Eyes, 7.30. Pam Gems' PIAF 'sold odtr.

WESTMINSTER. CC. 5: 01-834 0283.
Evgs. 7.45. Mats. Wed. and Sat. 3.00.
GILBERT AND SULLIVAN'S
"A good show. Very colourful, lively and exceptionally surgers. Subsern and acted." Benefit surge. Subsern and acted." The words jokal and sparing surgers are surgers of sature have never been so clearly amellised since Gladstone's day." Even no News. WHITEHALL CC. 01-930 E692-7765. Monday to Thursday 8 00. Fri. and Sac. 6.0 and 8.50. 191 TOMES.

is a toot-stamping, pulsating, action-racked African mus cal " Now. FOURTH GREAT YEAR. WINDMILL. CC. 01-457 6312.
N'antives 8.00 and 10.00 Sunday 8.00 and 8.00 Paul Raymond presents RTO OFF. The crosts experience of the modern oral Now Ebowing new Seport eviden. New gir's, new acts, new production.

WYNDHAM'S, From 8.30 am mill Sunsol 1836 3028. Cred: Card bigs. 838 1071. Mon. Thes. 8.00. Fri. and Sal. 5.15. 8.35. Excemolarly Rich Wary O'Maliey's stockholt comedy O'Maliey's stockholt comedy VERY FUNNY. Evening News. "Sure-ore comedy of 222 and reliation." LAUGHTER. Geredan. YOUNG YES, 928 6333, Ers, 7.78, No. Perl. Man. & Trail Rock Musical FAUST

C'NE 1AS ABC 1 & 2 SHAFTESBURY AV. 836 8861 Sep. oeris, ALL SEATS BKBLE. 1: THE DEER HUNTER (X.) Wk. and Sun. 2.15. 7.32. 70mm Do'by Stored: 2: PLAYERS (A), Wk. and Sun. 2.00. 5.00. 8.10.

CAMEEN PLAZA, Camben Fowe, 01-483 2443 (CPP TUBE) WETTER NANDKE'S THE LET HANDED WOMAN (A), Props delly 2.00. 4:10, 6.25, 6.45. 5.50. 8.18. 1: 11' DA" | TOAT SUMMER (AL). 2.5. 4.20. 6.35. 8.30. 4: KENTUCKY FEIED MOYIE IX., Pross. 1.35. 4.35. 8.10.

CLASSIC POLY, Owierd, Circus (Upcer-Pagent St. 537 9853. Jany Fords), Vanesse Rederart (UULA /A., 4.45, 8.36 Shirley Mariaine, Jane Saucros: TURN-ING POINT (AL. 3.30, 5.42)

Radio Wavelengths 1 1053kHz/285m 3 1215kHz/247m 1089kHz/275m 3 & 90-92.5vM stereo 2 693kHz/433m 4 230kHz/1500m 909kHz/330m 4 & 92-95vhf

RADIO 1

5.00 am As Radio 2. 6.00 Dave Lee Trevis. 9.00 Simon Battes. 11.31 Paul Burnett. 2.00 pm Tany Blackburn 4.37 Paul Gambaccini. 7.00 Radio 1 Mailbeg. 8.00 Andy Peebles. 9.50 Howsbeat. 10.00 John Peel (S). 12.00-5.00 am As Radio 2. VHF Radios 1 and 2—5.00 am With U.U. am As Radio 2.

VHF Radios 1 and 2—5.00 am With Radio 2. 2.03 pm Pete Murray's Open House (S) (continued from Radio 2 12.30 pm). 2.30 Devid Hemitton (S). 4.30 Waggoners' Walk. 4.45 John Dunn (S). 7.00 With Radio 2. 10.00 With Radio 2. 12.00-5.00 am With Radio 2.

RADIO 2 S.ADJU Z

5.00 am News Summary, 5.02 Tony Brondon (S), 7.32 Terry Wogan (S) including 8.27 Racing Bullatin and 8.45 Pause for Thought, 10.03 Jimmy Young (S), 12.15 pm Waggoners' Walk, 12.30 Peta Murray's Open House (S) (continued on VHF), 2.03 Wimbledon 79 including 4.30 Waggoners' Walk, 7.02 The Organist Entertains (S), 7.30 Sports Deak, 7.33 Listen to the Band (S), 8.15 The Magic of the Musicals (S), 9.02 Noc! (S), 9.55 Sports Deak, 10.02 The Impressionists, 10.30 Hubert Gregg acrys Thenks for the Memory, 11.02 Brian Matthow with Round Midnerh including 12.00 News 2025-00 am You and the Night and the Music ninht including 12.00 News 2.02-5.00 pm You and the Night and the Music C).

RADIO 3

8.55 am Woather, 7.00 News, 7.05
Your Midweek Choice, part 1 (S) 8.00
Newe, 8.05 Your Midweet Choice, part
2 (S), 9.00 News, 9.05 This Woek's
Composer, Mendelsaohn (S), 10.00
Mozert and Dwarak concert (S), 11.00
Music for Organ (S), 11.45 Schumann
and Woll choral concert (S), 12.15 pm
BBC Scottish Symphony Orchestra,
part 1 (S), 1.00 News, 1.05 BBC Scottish Symphony Orchestra, part 2 (S),
1.50 Oboc and Piano Music, (S), 2.25
Telemenn (S), 3.05 FBC Welsh
Symphony Orchestra (S), 5.10 Young
Music, Makers (S), 3.65 BBC Welsh
Symphony Orchestra (S), 5.10 Young
Music, Makers (S), 5.5 Homeward
Bound (S), 5.45 News, 5.50 Homeward
Bound (S), 5.15 At Home (S), 7.16
BBC Northern Symphony Orchestra,
part 1: Marrinu, Shostakovich (S), 8.15
The Arts Worldwide, 8.85
BBC
Northern Symphony Orchestra, part 2:
Arnold (S), 9.05 Tho Daedalus Dimension by Fraderic Raphael (S), 10.15
Regur and Pfitzner song rectal (S),
11.00 St. Albun's Fastival 1979 (S),
11.55-12.00 News,

RADIO 4 6.00 am Nova Briefing, 8.10 Farming Today, 6.25 Shipping forecast, 6.30 Today including 6.45 Prayer for the Day, 7.00, 8.00 Today's Nowa, 7.30, 8.30 Nowa headlines, 7.45 Thought for Day, 8.35 Yesterday in Parliament, 9.00 Nows, 9.05 Garranes' Constitute, 5.35 Foot in 18th Land Constitute, 5.05 Carranes' Constitute, 5.35 Foot in 18th Land Constitute, 5.35 Foot in 1

Naws. 10.05 The Living World. 10.30
Daily Service. 10.45 Morning Story.
11.00 The Magic of Music, 11.45 Listen
With Mother. 12.00 News. 12.02 pm
You and Yours. 12.27 I Like Spike (5)
12.55 Weather, programme news. 1.00
The World at One. 1.60 The Archers.
1.55 Shipping forscast. 2.00 News. 2.02
V/oman's Hour. 3.00 News. 3.05 Afternoon Theatra (5). 3.50 Chorst Evensong (5). 4.35 Story Time. 5.00 PM:
News magazine. 5.50 Shipping forscast.
5.56 Weather, programme news. 6.00
News. 6.30 The Enchanting World of
Hinge and Bracket (S). 7.00 News. 7.06
The Archers. 7.20 Checkpoint. 7.45 In
God We Trust: The effect of
Christlenity on the United States. 8.30
Richard Stilnoe with the BBC Sound
Archives. 8.45 Anslysts: Down with
Skobil 9.30 Keleidoscops. 9.59
Westher. 10.00 The World Tonight.
10.30 Round Eurone Ouiz. 11.00 A Book
At Bedtime. 11.30 Today in Parliament.
12.00 News.

BBC Radio London 5.00 am As Radio 2. 6.30 Rush Hour.
5.00 am As Radio 2. 6.30 Rush Hour.
9.00 London Live. 12.03 pm Cail in.
2.03 206 Showdess. 4.03 Home Run.
6.10 Look. Stop. Listen. 7.30 Black
Londonss. 8.30 in Concert. 70.03 Late
Nahr London. 12.00 As Radio 2.
12.06 am Question Time. 1.05-5.00 Join
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5.00 sm Morning Music, 6.00 The
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at 3.00. 8.00 After Fisht, 8.00 Nightline, 1.00 sm Night Extra. FORTUNE 835 2238. Evrs. 8.00. Matt. Times 3.00. Saturdays 5.00 and 8.00. AGATHA CHRISTIES MURDER AT THE VICARAGE FOURTH GREAT YEAR Capital Radio
6.00 am Breaklest Show (S). 9.00
Michael Aspel (S), 12.00 Dave Cash
/S). 3.00 pm Rager Scott (S). 7.00
London Today (S). 7.30 Open Line
(S). 9.00 Your Mother Wooldn't Like
13.00 ym Show (S). 2.00 am

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THE FRUITS OF ENLIGHTENNIENT BY
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7.30 Undiscowed Combry.
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IS A FYNNY IC. I. THIS
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WHOOSE LIFE IS IT ANYWAY?

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7.15. Lett. Show for and Sat. 16.55.
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Very Flexi Repaire Capital Capital

## **FINANCIAL TIMES SURVEY**

Wednesday July 4 1979

# Spanish Exports

A remarkable growth in exports has enabled Spain to close its trade gap significantly. But the government's indecisive enonomic policy since the general election in March and above-target inflation levels have sapped business confidence. A series of price increases resulting from international energy movements is adding to the uncertainties.

## Growth that has no parallel

d £21.5m

Lie first Louiside Anthe in

835

THE CONTINUED strong per mused by this performance. Spanish efficials still seem be-mused by this performance. Spain after all is not tradition-been a lifeline for the country's ally a big exporter and the depressed economy. For the second successive year Spanish were projective and inward exports have shown denoted. been a Hieline for the country's ally a big exporter and the depressed economy. For the Francuist economic structures second successive year Spanish were projective and inward exports have shown dynamic looking. The benefits of trading growth a growth that has no in the domestic market were parallel in the other major substantial, in most cases sufficient to defer manufacturers.

Where the OECD average from broadening their horizons.

growth is exports was 5 per cent last year; Spanish exports: Spanish market of the 1960s and increased 29 per cent in posets early 1970s provided all the terms and 27 per cent in dollar opportunities that most busiterms. This was despite mid nessmen wanted. So it is not year predictions, that there surprising that a engagaratively would be a levelling off by the

rear end. Indeed such a levelling off has only begun to be evident new. Even so the 1979 performance will certainly be above the Euro-

On average, Spanish exports have enjoyed an annual growth

n peseta terms of 31 per cent biting deeper in 1978, from exin the past two years against fin the past two years against annual average belation of 22 per cent. At the end of 1978 total exports had reached Pts. 1,001bn.

Considerable changes in the peseta's parity with the dollar distort conversions, but when measured is delfars. Spanish exports rose from \$3.7on in 1976 to \$13.1on by the end of 1978. In the first four months of the current section.

were \$5.60n.
This has had a tremendous impact on the balance of trade. In a remarkably short space of time, Spain has managed to close its trade gap significantly. By Robert Graham Two years ago exports covered imperts by only 49 per cent.

Madrid Correspondent now the cover is up to 70 per

The rapidly expanding

surprising that a comparatively small proportion of GNP (10 per cent) derived from exports. The present situation stems from a peculiar combination of circumstances. Arguably the single most important factor has been the domestic recession. The recession began in 1975 but it

periencing growth rates of 7 per cent in some sectors, manufacturers found themselves facing a stagnating local market.

Idle capacity — up to 30 per cent — could be turned to good effect only by switching to export. In many cases this became even more imperative because in 1974-75 major new investments in plant were made -based on the former high-growth assumptions, and ignoring that Spain too might be affected by the 1973 oil crisis. So some of Spain's biggest companies, such as the paper group Sarrio or the electrical components group. Femsa, were saddled with costly financial bordens and over-

To the burden of idle capacity flows it became essential for companies that were already exporting to raise the export percentage in their turnover, while others switched for the first time to exports.

Such a switch had the further advantage of prompter payment than domestic sales, where purchasers too sufferedand continue to suffer-from a liquidity shortage. Some municipalities for instance are up to 18 months behind in paying advantages for its exporters.

To what extent cash flow problems have obliged companies to sell goods abroad at cost or below cost is not clear, but certainly this has been considered preferable to closing was not fully felt until 1977, down plant,

Another vital factor in promoting exports was the 22 per cent peseta devaluation in July 1977. This gave Spanish exports an important competitive edge both within the European Community which absorbs 46 per cent of Spanish

and Latin America. Parallel with this the Government made efforts to raise the amount of credit available to exporters. This was a doubleedged policy however. Indusirialists complained last year that too much of the 15 per cent increase in private sector credit went to export, so affecting the overall availability of credit.

The need to turn more towas added a tight government wards exports combined with a money policy. So to ease cash certain new maturity among many managements, who recognised the importance of pinning future growth, at least in part, on foreign sales. In other words, Spanish manufacturers were ready to take advantage of the opportunity when it arose

They deserve more credit than the Government-which incidentally has made very little effort to publicise Spain's performance. As yet the Government is poorly equipped to assist exporters and promote Spanish goods. EEC members counter, however, by saving that Spain has greater, and unfair, fiscal Looking back over the past

uniform. All sectors have regi- recovery. stered high growth although quarter, if not early 1980. agricultural sales have been at a slower pace. For instance, last year sales of industrial facturers will suffer from the international demand. Yet with unions and employers are prob- Motors.

Spain has had considerable success in all sorts of capital equipment, machinery, elecausoros 46 per cent of Spanish intermediate but not high tech-exports, and in expanding nology. Despite difficulties, markets like the Middle East traditional exports textiles, shoes and cement have held up well. The domestic recession has also prompted an inevitable rise in sales of steel and steel products, giving rise to fears in some instances in Europe and the U.S. of dump-

> At one level the continued growth of Spanish exports must depend upon the state of the domestic economy. Once order books fill up and a recovery takes root, a number of manufacturers will revert to the local

> But since mid-1978 a recovery has been expected, yet even now its prospect remains elusive. Business confidence in the wake of the March general elections has evaporated because of the government's indecisive economic policy and inflation levels which are above the mid-year target of 6.5 per cent

#### Serious

The uncertainties are now being added to by a whole series of price increases resulting from international energy price rises. Put together, this creates two years, the pattern of a picture in which few can fore-exports has been relatively see the beginnings of a uniform. All sectors have regi-recovery before the last

the rest of 1979 Spanish manu- competitiveness and

industrialised countries - twothirds of the market for Spanish goods-can only record lower is unlikely. growth rates, at least temporarily, in the wake of the latest OPEC price rises.

At the same time, and potentially more serious for Spanish have to live, for this year, with exporters. Spain's goods have lost their competitive edge. Not only has the peseta recouped against the dollar, the main traded currency, it has appreciated above the July 1977 parity. This has been due to a combination of large capital inflows owing to easy credit abroad and tight money at home, exceptional tourist receipts, low levels of imports and healthy export earnings that have boosted reserves to almost \$12bn.

The authorities have preferred to let the peseta appreciate, resisting demands by exporters for a measure of devaluation. While this policy undoubtedly has helped restrain makes medium-term inflation it is proving increase difficult and costly. ingly damaging to exporters. We cannot export much longer at 66 pesetas to the is a universal cry among exporters. When you consider that the peseta was 80 in the dollar 18 months ago this is not surprising.

The latest survey of business opinion conducted by the Ministry of Commerce in March and April shows a decline in foreign orders attributed in large part to the exchange rate. Other reasons cited for the Assuming therefore that for decline are an overall drop in

goods increased 31 per cent in peseta terms against 20 per cent for agricultural products.

Social head by a constraints are domestic constraints, they the next two months witnessing lematical, and the two sides are the biggest seasonal inflow of far apart on a whole range of foreign currency, resulting from labour laws that the government is related to the peak towards against 20 per cent will have to compete now in the biggest seasonal inflow of far apart on a whole range of labour laws that the government is related to the peak towards against 20 per cent will have to compete now in the biggest seasonal inflow of far apart on a whole range of labour laws that the government is related to the peak towards against 20 per cent will have to compete now in the biggest seasonal inflow of far apart on a whole range of labour laws that the government is related to the peak towards against 20 per cent will have to compete now in the biggest seasonal inflow of far apart on a whole range of labour laws that the government is related to the peak towards against 20 per cent will have to compete now in the biggest seasonal inflow of far apart on a whole range of labour laws that the government is related to the peak towards against 20 per cent will have to compete now in the biggest seasonal inflow of far apart on a whole range of labour laws that the government is related to the peak towards against 20 per cent will be a peak towards against 20 per cent will be a peak towards against 20 per cent will be a peak towards against 20 per cent will be a peak towards against 20 per cent will be a peak towards against 20 per cent will be a peak towards against 20 per cent will be a peak towards against 20 per cent will be a peak towards against 20 per cent will be a peak towards against 20 per cent will be a peak towards against 20 per cent will be a peak towards against 20 per cent will be a peak towards against 20 per cent will be a peak towards against 20 per cent will be a peak towards against 20 per cent will be a peak towa immediate change in the peseta

> Indeed, officials at present do not anticipate the peseta moving much beyond 68 to the dollar. Therefore exporters will this handicap.

Wages rose by more than 20 per cent in 1978 and this year the 12 per cent average laid down by the government will have to be adjusted to take league and most confident about account of higher inflation. The Spain as an operations base. average wage increase could exceed 14 per cent.

Production costs will also be hit by sharp rises in energy prices, including a reduction in the existing subsidy on fuel oil. Meanwhile, interest rates remain high and the poorlydeveloped financial

#### Unrest

This must affect not merely short-term competitiveness but in the future should be concenalso the longer term, especially trated in. For instance, does if managements fail to adopt Spain want to house piecemeal more modern methods. Another expanding factor bound to influence the national industry as part of an export picture is the question enlarged Common Market of of labour relations. This year which it will be a member? Or serious industrial unrest in should it concentrate on specialevery sector has accompanied ised sectors? the negotiation of new wage and work condition agreements.

far apart on a whole range of ment is pledged to introduce. If the trades unions feel bulldozed by a government that they see supporting management, then industrial relations will deteriorate, leading to a consequent loss of productivity.

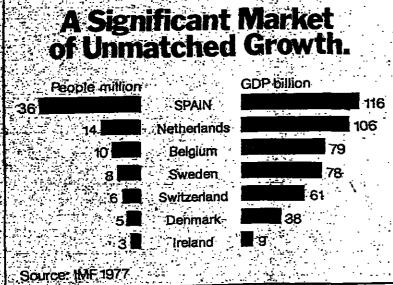
These problems tend to affect purely Spanish companies more A further handicap is the than international ones, where continued sharp increase of pro- management is more experiduction and financial costs, enced and the financial structure not dependent upon one-(weak) source. So it is these companies that are now in the forefront of the exporting

Ford, whose plant has been operational only since 1976, is Spain's leading exporter. The recent decision by General Motors to establish a similar export-orientated plant in Spain means that the country is destined to become one of Europe's leading auto-exporters by the late 1980s.

Unfortunately this development appears to have been approved by the Government without any clear idea of what type of sectors Spanish exports European/multi-

For the moment the Government's mind is being made up Relations between the trades by outside forces like General

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During 1978, the net inflow of foreign direct investment reached the \$740 m. mark.

Fiat and General Motors are considering a total investment of about \$2 bn. over the next few years.

## **SPANISH EXPORTS**

IN 1978 (Billion Dollars) increase over 1977 Agricultural Products, Food-16% 26% stuffs. Minerals and Fuel ii Chemical Products-Plastics, Metals and 43% 25% Metal Manufactures 28% 11% ili Textiles, Footwear iv Machinery, Transport Equipment, 27% 25% Other Manufactures v Others 27.6% 100% 13.085.5 TOTAL

FOR INFORMATION CONTACT: D.G.T.E. FOREIGN INVESTMENT PROMOTION OFFICE, Almagro 34 Madrid 4, Spain. Or any Spanish Commercial Office.

## EEC takes the major share

munity's markets. Exports to cent of all Spanish exports to the Nine increased 29 per cent the Community. Put another the Nine increased 29 per cent the Community. Put another last year and in the case of some individual members such buy 27 per cent of all goods as France the growth rate was substantially higher.

This increase contrasts starkly with the rate of imports from the Community, which was four times lower. Further, by sus-taining this penetration, the EEC reinforces its role as the single most important market for Spanish exports.

The Community now accounts for just over 46 per cent of Spain's total exports. In contrast, the EEC countries have a much smaller share of the Spanish domestic market: although this share has been in-creasing and now stands at 34 per cent. In the future the share will almost certainly rise further.

Within the Community the main purchasers of Spanish goods are respectively France, West Germany, the UK and Italy. Neighbouring France traditionally has been the largest purchaser of Spanish goods and it now absorbs 35 per cent of all Spanish exports to the

Foodstuffs .....

Chemicals/Plastics ......

Metals/Metal Goods .....

Machinery ..... Transport Equipment ...

Total

Source: Ministry of Commerce.

Machinery

penetrate the European Com- them account for almost 60 per

exported by Spain. Other European countries account for a relatively small slice of Spanish exports. EFTA countries, with whom Spain has just concluded a new preferential agreement, buy under 7 per cent of Spain's total exports. However, trade with neigh-

bouring Portugal has begun to increase and absorbs 2 per cent of total exports. Perhaps of more long-term significance is the gradual increase of Eastern Europe as a market for Spanish goods, especially since 1975.

#### **Political**

PRINCIPAL EXPORTS (DOLLAR M.)

10.253

-accounting for about 3 per cent of total sales — it never-theless is regarded as a growth area. This is mainly because trade has reflected in the low level of political ties. Indeed, Romania is the only Comecon political ties dating more than

five years. Contrary to popular belief,

2,069 1,558 1,765

A KEY element in the con-tinued increase in Spanish ex-ports has been the ability to France and Germany between American ties may reflect emotional and cultural links, but not commercial reality. Last year Latin America, including central America and Mexico, accounted for just under 10 per cent of total Spanish exports.

Indeed, over the previous year the percentage share was marginally smaller, primarily because both sales to Brazil and Cuba fell back. Spain's main Latin American clients are Venezuela, Argentina, Brazil and Mexico — in that order.

Of these. Venezuela is easily the most important. Last year Latin America. Venezuela purchased Pts 26bn- Is this natter chases were increasing fastest Though small in relative terms although Venezuela is not far behind.

> The North American market, meanwhile, continues to absorb approximately 10 per cent of total exports, the bulk of which are sold to the U.S. It is perhaps worth underlining here the huge imbalance that exists in trade with the U.S. Spain imports over double the amount in money terms that it exports to the U.S. Last year Spain had a negative trade balance with the U.S. of \$1.3ba.

One market that is playing an increasingly important role in the export pattern is the Maghreb. Here, Spain has profited from its close proxim-ity and former ties. Now 31.2 ity and former ties. Now 34.8 Algeria and Morocco alone 19.3 account for about 5 per cent 51.9 of Spanish exports. The value 25.8 of these two markets the same, with Moroccan pur-27.1 chases marginally more import-

> When looking for export opportunities in Arab countries Spanish exporters have tended to focus more on the Maghreb.

(Pta 27bn). Saudi Arabia, for instance, buys almost half the equivalent of Morocco, even though for several EEC members the former has become the leading Arab buyer.

This is in part the result of Spanish exporters' slowness in exploiting the oil boom. It is also a reflection of the domestic asso a renection of the nonestic economy in 1973-74 which was still straining productivity capacity. In 1978 the Arab market as a whole, plus Iran, absorbed almost the same amount of Spanish goods as

Is this pattern of geographichases were under half this. It is noteworthy that Mexican purchases were increased for the pattern will shift only manifely to the pattern will shift only manifely to the pattern will shift only manifely the pattern will be pattern will shift only manifely the pattern will be pattern will -certainly up until 1983 when Spain is due to join the Common Market. The growth areas undoubtedly remain Latin America and the Middle East.

Arguably, the share of these two areas could increase, both as a result of Spanish exports becoming better known and as a cumulative effect of greater trade promotion.

Spanish exporters are also likely to be affected by the Iranian situation. Iran was, after Morocco and Algeria, the most important Middle Eastern market, and surprisingly last year trade increased 140 per cent to Pts 19.8bn. But if this is a serious potential loss, efforts by the Government to carry out a more active policy in Black Africa could be rewarded. Nigeria, for instance, bought Pts 13bn-worth of goods in 1978, a 37 per cent increase. In the end, Spain's main

trading partners are conditioned by the type of products it has to sell. Since an impor-



A Ford Fiesta production line: 60,000 Spanishmade Fiestas were sold in Spain last year and nearly 190,000 exported

tant element in Spanish exports remains agricultural produce, and most of it fresh, it is most convenient to sell within Europe-the logical market.

#### Declined

Since the early 1970s foodstuffs exports have declined slightly in volume terms to the Community. Nevertheless they still account for 25 per cent of all EEC purchases from Spain. This is slightly higher than the percentage of the latter in total Spanish exports. Spain can sell more to the Community if discriminatory measures were relaxed. This applies especially to tomato preserves, citrus,

level of trade will be conditioned by highly problematical developing country costs. The negotiations with the EEC. Shoe industry, which accounts The most striking feature for just under 5 per cent of total

The importance of this item compete. plus components will increase further within the next five operation.

This greater dependence on vehicle exports in the industrial sector reflects a shift of emphasis. Textiles, traditionally so trial exports (about 7 per cent important, are playing a lesser of the total) despite certain

about the pattern of items exceptors and acts as a significant ported is the appearance of employer, is undergoing a vehicle sales. Within less than five years it has become the single most important item.

The important item finding it increasingly hard to compate

These two sectors in particular can retain their importyears as FIAT/SEAT raises ance only if restructured and capacity, and General Motors orientated differently—aiming projected plant for a new at a quality market where the saloon at Saragossa comes into output of developing countries competes less strongly. Against this, steel and steel products, including pipes, continue to provide a solid backbone to indus- exporter.

Steel sales have been one of the reasons for the sustained increase in the value of Spanish exports during the past two years. This is an inevitable consequence of the manufacturers seeking to recoup low demand in the domestic market -a situation which has pushed several new sales arrangements with Eastern Europe. To a lesser extent the same could be

said about cement, which

accounts now for 3 per cent of

total Spanish exports. However,

quota problems regarding the

here Spain has for some time been the world's leading cement

Robert Graham

## Motors success story

1.704.864 PTAS + 101.320 YENS x 42.300 DM - US\$10.100 + 237.512 Pounds - 10,949,821 Pasos + Rubles 35,484,200 - 1,000 Floates -7,428,321 DM, N 3,290,007 SWISS FRANCS X 21,325 GUARANIES -23.840 Escupos + 384 CANADIAN \$ - 355.551 QUETZALS X 35/355 PTAS. N 200,000 ZLOTYS + 70,707 CROWNS - 271,000 FRANCS + 700 YENS 18,001 Soles - 324 Escubos N 21,200 DM + 21,000 Yens - 1,707 DM + 1,704.864 PTAS. + 101.320 YENS × 42.300 DM - US\$10.100 + 25 Pounds - 10,949,821 PESOS + RUBLES 35,484,200 - 1,000 FLORINS -7,428,321 DM. N 3,290,007 Swiss Francs × 21,325 Guaranies-23.840 Escupos + 384 Canadian \$ - 355.551 Quetzals X 35.355 Ptas. N 200.000 ZLOTYS + 70.707 CROWNS - 271.000 FRANCS: 1- 400 YEN 18.001 Soles — 324 Escubos N.21,280 BM + 21.000 Yens - 2.707 BH 1.704.864 PTAS.+101.320 Yens x 42.300 DM - US\$10,100 -7.428.321 DM: X 3,290 Canadian \$ - 355.551 Quetzals X 35.355 PESOS + RUBLES 35,484 N 200:000 ZLC

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major European automobile exporter within the next five years. New investment in the sector could rise to \$2.8bn, doubling output and nearly tripling foreign sales, which already account ofor nearly 10 per cent of all exports.

SPAIN IS poised to become a

However, though the motor industry will now become Spain's major industrial emremained of Spanish control over the sector will disappear, while Spain's position as the multi-national manufacturers' favoured launching pad towards Europe will be reinforced.

Last year, the four existing car manufacturers in Spain-SEAT, Ford, Fasa-Renault, and Citreon-Peugeot-Chrysler- pro-duced between them 986,116 passenger cars. Of these, 604,689 were sold at home, and a record 373,683 cars, or 37.8 per cent of total production, were exported.

This was an 18.9 per cent increase on 1977's export per-formance, and held the drop in output caused by a flat home market to less than a percentage point.

These are the bare facts of last year's performance. How-ever, General Motors' decision to set up in Saragossa and Cadiz with an outlay of \$1.6bn. Fiat's take-over of SEAT following arreement with the Spanish Administration on a \$770m restructuring plan, and the strong probability that Ford will decide to expand its plant at Almusafes, near Valencia, with new investment worth about \$450m, will change the face of the industry by 1984.

The General Motors decision to put most of its \$2bn Euro-pean investment into an assembly plant at Zaragoza and a components factory in Cadiz

the country nears EEC entry and its motor industry becomes home market. market throughout the 1980s, against 2.7 per cent annual growth in the rest of Europe.

By 1983-4, General Motors 270,000 units a year, over two thirds of which will be destined for foreign markets. Ford's current export orientation and the greater emphasis on foreign sales entailed in the Fiat-Seat restructuring plans means that between 50 and 60 per cent of local production will be earmarked for exports by 1983-4.

Leading
Ford remains the success story
of the Spanish car industry, consolidating its position as the country's leading exporter last year, and even challenging SEAT as Spain's leading saloon car manufacturer.

The advent of Ford in 1976 marked a major shift in the habits of Spanish motor manu-facturers. Until then, foreign manufacturers had set up in Spain as a means of access to an attractive market, and had given little attention to exports. But Ford was allowed to set up its ultra-modern, \$650m Almusafes plant on the condition that it would sell no more than 10 per cent of the previous year's Spanish auto registrations on the domestic market.

This restriction, known as "Ford's law," is still in force.

turnover of Ptas 63.7bn.

The restrictions of "Ford's law" notwithstanding the company points out that since October 1976 it has exported nearly four times the number of cars it was obliged to under the decree authorising the Ford between now and 1982, the project in 1975. At the same streamlining of production to time, the sum total of exports from the other manufacturers exceeded Ford's performance by

When the present legislation is liberalised, this predominance by Ford is likely to alter. If Ford goes ahead with its \$450m project to double capacity at 200 200. Almusafes—presently at 280,000 units—its penetration of the domestic market will certainly increase. As it is, the company maintains that it could have sold 14,000 more than the 66,000 Fiestas it sold locally last year, a claim backed up by the swollen waiting lists for this

therefore, to aim at a more even

General Motors was persuaded abroad worth about Pta 14.4bn. 270,000 units with a workforce fundamentally by Ford's success. At the same time, it sold 176,814 of 12,000 and Ford's record of since 1976 and the convenience cars in Spain, winning further producing nearly 260,000 units of Spain as a European base as ground against SEAT as the with a 10,400 workforce. Seat second largest supplier of the has a capacity for 370,000 home market.

gradually liberalised. In addition, General Motors calculates the odd manufacturer out. Set is due to enter the EEC, the that Spain's still relatively un- up in the 1950s as the sole car industry should have a comaverage 4.3 per cent a year obliged to produce a comprehensive range of cars for the local market. However, when its competitors appeared in the late 1960s, and concentrated on speciexpects to be running off fic ends of the market, its weaknesses were quickly exposed. With Fiat holding a 36 per cent stake, and the state holding company INI and private Spanish capital holding the rest of the equity. it gave a comfortable impression of being a Spanish

> However, dependent on Fiat both for technological innovation and third-country sales, it was hindered from switching its efforts towards foreign sales by et itself, which left Seat com-peting with older models in less attractive markets.

Inadequate management, bad planning, and the continual shelving of a major overhaul exacerbated Seat's weakening position, while the fact that during the growing resistance to Franco of the late 1960s and early 1970s Seat plants became, and remain, bastions of a mili-tant highly-organised labour movement rounds off a gloomy

### Offset

Its market share has fallen from over 60 per cent to 33.6 per cent, while last year, after putting its workers on short time to reduce stocks of over 65,000, production dropped 17.9 per Last year, Ford exported 188,100
Fiestas on production of 257,967
units, almost entirely to EEC
countries. The total value of
its exports, including 94,575
engines, was Ptas 47.1bn, on a
out which its losses of Pta 10.4bn
would have been markedly worse.
Current losses are running

at about Pta 1bn a month, with stocks still above 45,000 vehicles. The Flat investment package envisages an injection of \$770m concentrate on a limited mix of new and old models, and a greater emphasis on exports, which the plan expects will rise

built alongside the Barcelona plant, which will be slightly expanded to boost production of the new Ritmo model to 500 vehicles a day. The Pamplona factory will be expanded substantially to enable it to turn out 300 Cero models a day. In all, Fiat-Seat expects to win back about 87.4 per cent of the market by 1981.

This will depend to a large popular car.

This will depend to a large Ford's competitors are likely, extent on how far the company can check this year's losses, and balance of foreign and domestic whether by 1981 Seat has satis-sales. There are signs that this fied Fiat's conditions for taking is already beginning to take a stake of up to 80 per cent.

place, Citroen-Peugeot-Chrysler, For example, Fiat has in-for example, held its portion of sisted on the right to switch exports at some 26 per cent of labour from one plant to anoverall production, 47,192 units other. And although Fiat has orth Pta 12.4bn. given guarantees that no jobs Fasa-Renault, on the other will be lost, nobody, least of

is the major novelty of the year, and a huge shot in the arm for industry as a whole.

Some of the year, selling 56,944 vehicles eval Motors plans to produce commercial vehicles and vans, about the produce of the market, such as light of the market

ernment de-controls prices, the effects on Seat might be devastating. For while Seat is likely to have to raise prices tocover increased overheads, it is likely that in some cases its competitors would actually cut prices. There is little doubt therefore that Fiat-Seat's new Ritmo and Cero models will by that time have had to have made a very significant impact on the local market if the plan is to succeed.

The Ritmo came on the market amid considerable fanfare this spring, but too late to improve SEAT's first quarter domestic performance, which showed a 21 per cent drop against last year. However, this should be gauged against a general picture of stagnation, with local sales for all manufacturers down 11.8 per cent during the first quarter, only slightly offset by an export uptake of 2.8 per cent.

While the car industry proper has undergone rapid re-structuring during the past 12 months, this is precisely what has been lacking in the commercial vehicle sector. Produc-tion of light commercial vehicles held up at 71,119 units last year, principally due to a 35.5 per cent increase in ex-

Heavy -vehicle production slumped 16 per cent to 14,172 units, in spite of a 12 per cent increase in foreign sales to 2,661 units. The one bright spot was Motor Iberica, the Barcelonabased truck and tractor con-

Motor Iberica turned in a profit of Ptss 1.26bn on a 23 per cent rise in turnover to Motor Iberica turned in a per cent and Daimler-Benz a 43 profit of Ptas 1.26m on a 23 per cent stake), and Chrysler with its heavy-duty Dodge tracks all either doubled or tripled their foreign sales of commercial vehicles. This year, however, the home market has dropped by about 10 per cent during the first quarter; and the strength of the pescent is such that this effort is most unlikely to be repeated.

David Cardner

which it dominates with a share of about 40 per cent. - 😤 However, the continued re-

valuation of the Peseta over the past 18 months has blunted its competitive edge, and raises the question of some form of con-solidation with the rest of the industrial vehicle industry, which is facing increasing diffi-

Enasa, the 67 per cent INI-owned producer of medium and heavy-duty vehicles, turned in a loss of Ptas 5.6bn last year, and is now having to run down its capital in order to meet its financial needs. Although its Pegaso trucks have a firm reputation, its deficient foreign sales network and lack of back-up have lost it more than one foreign contract, even-though it set up two vehicle plants last year in Venezuela.

Its exports in 1978 dropped slightly to 1,639 vehicles, but its local sales plunged by nearly 30 per cent to some 14,000 vehicles. Yet while Motor Iberica could not meet its foreign orders for vans, Enasa's van production plaint in Valladolid was working at an estimated 60 per cent capacity. When Motor Iberica approached INI earlies this approached INI earlier this year in an attempt to persuade it to buy Massey-Ferguson's stake in the company, it was thought that this might entail a link-up with Ehasa, particularly on the van production side. However, nothing has yet come of the initiative, which would have led to the creation of a genuinely Sunnick continuer. of a genuinely Spanish commer-cial vehicle industry, in striking contrast to the ownership structure of the rest of the

sector.

Meanwhile, the industrial vehicle industry flounders. Last year, it made a gargantum effort, in which Motor Therica. Mevosa (in which INI has a 25 per cent and Daimler-Benz a 43

ilels.

 $\mathbf{m}^{(i,j)^{\pm}}$ 

PE INSE

Hel LEP'S

David Gardner

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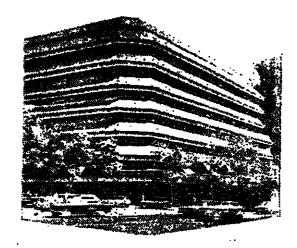
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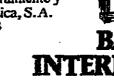


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## EXPORT A WAY OUT OF THE **CRISIS**

Experts regratify passed in important part in the Spanish economy during 1872. The distriction palance of payments reversal, when the current account should a pusitive balance of 118,377 million pesetas (1,606.0 distriction double of spanish economy during its little double of the spanish double of spanish and the distriction of 2,164.4 million dollars in the previous was to a large enter due to exports. A few facts will serve to flustrate this. Foreign sales, totalling 13,430.3 million dollars, exceeded the 1977 feature by 2,8855 million dollars (+27.0%). However, attinuish experts pressly contributed to balancing the current account, their committed to the growth is districted was just as large, and it is established. We expert of goods which have increased by no less than 132 in real terms. In addition it should be pointed out that this noteworthy expect trend, its supposes a considerable market increase, as can be seen by constructed with the 5.5% growth rate in real terms achieved by exports from the OEGAL countries as a whole.

Mevertheless; there is no cause for thamph or rejoicing over all this. More has been exported, but largely because Spanish companies have been faced with low domestic demand (estimated to have fallen by a marginal 0.1% in real terms in 1978) at the same time as the restrictive monetary policy made it a pressing becassity to pressive liquidity. On the other hand, the trend towards lesser competitiveness of Spanish goods, explained by the higher rate of inflation, and especially, from July onwards, by the rise in the passes, may have considerably affected the profits of companies trading abroad.

The reason, therefore, for so great an improvement in Spanish exports in 1978 is to a large extent, the position of the domestic economy, hence the title of this article. It would not however, he fair to attribute this tendency towards expansion in Spanish products solely to recession in the home market. In the period 1960-67 Spanish exports grew, in nominal terms, at the rate of 14%, and from 1967 to 1976, the annual aggregate growth rate was 22%. There are various factors behind this growing drive: improved productivity, improved product quality, after-sales services, financing terms, commercial networks, support for marketing policy etc., and all these ensure that Spanish products have a wider market. These services have led to considerable restructuring of the export trade, in the last two decades, and manufacturers, many of whom only have average capital, are accordingly improving their position.

Having taken this brief look at the overall exports situation for last year, we shall now go on to analyse its development in terms of products and geographical areas.

#### PRODUCT GROUP EXPORTS

Table I shows export progress per major product group. Firstly it should be noted that the figures given are from the Customs' accounts, and the necessary adjustments have not been made so that the exports can be expressed in Balance of Payments terms. Secondly, the value of goods exported are shown in pesetas. Give nthat in 1978 the peseta fell by an average of 1.6% for the year against the dollar, the growth rates expressed in pessense are greater by this percentage than those given in dollars (as can be seen from table 2)

The net increase in Spanish exports in 1978 was basically due to expansion in industrial sales at the rate of +31.5% in pesetas. It can be seen that shipping alone shows exported values lower than those of the previous year owing to the major worldwide crisis affecting shipping. Mineral products show a limited growth of 9.4% due to restrictive measures applied to petroleum products resulting in a 22.3% fall in exports. On the other hand, salest of lime and cement increased markedly, in line with their behaviour in 1977.

Metal and metal products, which include a wide range of products, showed major growth, and continued to behave the same way throughout the year. This was mainly due to the iron and steel sectors having to sell their products on world markets in order to improve their difficult position.

Textile products (35.4% and chemical and plastics products (32.0%) also expanded considerably, the major sales being in organic chemicals (52.5%), inorganic chemicals (23.9%) and rubber, mostly in the form of tyres (12.6%), these latter figures relating to the volume exported.

The substantial increase of 27.6% achieved for machinery became apparent in the second half of the year. The low rate of domestic demand must have constituted a strong incentive for sales in this sector.

In respect of land transport, motor car exports were higher, and seem to lead Spanish exports as a whole. The start-up of the Ford plant contributed greatly to this, since a high percentage of its production is for export. Some consumer goods manufacturers, under the heading "Others" (27.3%) and footwear manufacturers (21.1%) achieved growth rates below those for exports as a whole. This can probably be attributed to increased costs for some of these products, to the protectionist measures imposed on certain markets, and to the fact that the manufacturers of consumer goods have encountered higher domestic demand. Finally, agricultural exports have increased by 20.6%. Some of the products sold in smaller quantities abroad are: rice, preserved fruits, vegetables, preserved vegetables and vegetable products, and alcoholic drinks. Goods exported in larger quantities include, in particular, vegetable oils and fresh fruit.

#### GEOGRAPHICAL DISTRIBUTION OF EXPORTS

The various geographical areas involved in exports can be seen in table 3. Although concentration continues to be the distinctive feature, a slight fall in the volume of exports has occurred in some of the main countries. i.e. the United States and Latin America, in favour of the Near East and

The EEC continues to provide by far the largest market, and absorbs almost half (46.3%) of Spain's total exports. Compared with the previous year. there was an increase in peseta terms of 29.2%, which is similar to the figure for total exports. There has been a significant growth rate in exports to specific countries, from 46.8% for Eire (starting from fairly low figures) to a modest 6.5% in Holland. In France, which is the main EEC client for Spanish goods, exports showed a year-to-year increase of 34.5%. This rate is mainly due to four sectors, which account for 52.9% of total exports to France, i.e. motor cars, edible fruits, iron and steel castings, and boilers and mechanical equipment. In general terms, the high sales figures of Spanish goods to the Common Market countries can be explained by the growth in their economies (+3.7%) of the PIB real growth rate figures) and especially by the necessity for the industrial sectors to sell their goods abroad. The exchange rate of the peseta in terms of competitiveness may have promoted sales in the first half of the year (in the first six months exports to the EEC showed a 42.0% growth rate; but as the peseta rose against the Common Market currencies, the export sectors found that their products were becoming less and less competitive, and/or their profit margins were decreasing. Incidentally, it should be pointed out that sales were best in industrial products, whilst agricultural sales were not to make much progress in terms of volume.

In the remaining European countries, most noteworthy are the great increases in sales to Switzerland (49.7%) and to various Socialist countries: the USSR (42.0%), Romania (48.9%) and Yugoslavia (42.9%). Nevertheless, as can be seen from table 3, the figures for sales to the Socialist countries indicated continue to be very low, and represent a mere 2.0% of the total.

Pesetas total

(millions) exports

82,015 123,640

39,368

34,616

49,037

5,624

2,095

11,915

8.301

17,748

42,166

7,691

5,889 2,133

1,693

17,406

33,884

76,092

7,741

83,833

452,208

5.<del>1</del>

21.1% of Spanish exports are to the American continent, especially to the United States, which absorbs 9.3% of total sales. In dollars, sales to the United States increased by 18.8% compared with 1977. This increase, although it is the largest in percentage terms since 1973, was less than for Spanish exports as a whole (27.6% in dollars). This is then the seventh consecutive year in which the percentage of Spanish exports to this market has been reduced. It should, however, be pointed out that the increase achieved in Spanish exports does slightly exceed the growth rate of total exports to the American market (17.4%). In product terms, the greatest increases were in iron and steel products, machinery, vegetable products, and alcoholic drinks, whilst mineral fuel exports dropped substantially. Footwear, which continues to be the leading export by quantity, represents 23.7% of total exports to this market.

Considerable increases have also been achieved in Latin America, except for Cuba (-33.8%) and Brazil (-1.0%), the main clients being Mexico (65.6%) and Venezuela (43.5%).

The Near East countries continue gradually to increase their importance as a market for Spanish goods, as a result of the substantial growth in exports, i.e. 36.3%. Nevertheless, this increase relates to very low export figures. The largest increases in sales have been in those to Iran (140.1%), Saudi Arabia (83.9%) and to a lesser extent Iraq (39.9%).

Exports to other countries have been particularly large, especially those to Japan, owing to the recovery in fish sales, which dropped in 1977, to the considerable progress in export figures for confectionery, sales of which are 46 times greater than in 1976, and finally to increases in sales of chemical and plastics products.

1979: EXPORTING BECOMES INCREASINGLY MORE DIFFICULT As already indicated at the beginning of this article, the good export figures achieved in 1978 are no cause for optimism. It will be difficult for the current year trends to follow the dominant trends of 1978, particularly because Spanish goods are much less competitive owing to the high rate of inflation and continual revaluation of the peseta. In this respect, export figures for March and April are indicative of a certain drop in export

The fact that the revaluation of the peseta, as a result of the dramatic improvement in the balance of payments and the weakness of the dollar. means that the export rate will be considerably slowed down, calls for comment on the exchange rate of the peseta. The necessity of reducing the successive injections of funds from the increases in foreign currency reserves, has been the theoretical support put forward to promote revalua-tion of the peseta. Without denying that the exchange rate must reflect the interplay of market forces, it should not be forgotten that this adversely affects exports, which are the most elastic variable of total demand. In this sense, the economic measures recently adopted by the Spanish government are intended to replace sources of foreign finance, which cause the peseta to rise, by higher growth in domestic credit. However, the continued existence of a current account surplus will force the rate of exchange upwards, with the resultant adverse effect on foreign trade.

Improvement in the growth of the Spanish economy and in the exchange rate conditions seem to be the two factors to be taken into account when forecasts are made regarding the trend of Spanish exports in future months. Finally, the deterioration, as compared with the initial forecasts for economic growth in the OECD countries, which have been severely affected by the new energy crisis, constitutes another factor which may make it difficult to sell Spanish products on the world market. Despite such discouragement, the fact that a large majority of Spanish companies have decided to be exporters, and the degree of popularity of Spanish goods, enable the very probable hypothesis to be advanced that the expert rate will continue at its current high levels.

1977

(millions) exports

#### TABLE No. 1 - FOREIGN TRADE IN 1978 EXPORTS

		-5 · · · · -	
(Millions of pe	setas;		variation
	1977	1978	1978/77
i Agricultural and food products	168,207	202,910	20.6
2 Mineral products	53,379	58,405	9.4
3. Chemical and plastics products	73,186	96,635	32.0
4 Textile products	43,143	58,808	35.4
5. Footwear etc	38,608		21.1
6 Metals and metal products	102:945	158.318	53.8
7 Machinery	93,240	118,974	27.6
a) Mechanical (c.84)	67.231	86,953	29.3
b) Electrical (c.85)	26.009	32,021	23.1
8. Transport equipment	103,715	135,159	30.3
(a Land (c.87)	74,337	101,236	40.1
	24,559	22,488	-8.4
b) Sea (CS9) 9 Others	98.495		27.3
ie: TOTAL	775,217	1.001.383	29.2
11. =10-1	607.010	798.473	31.5
NEW YORK CONTROL TO A CONTROL OF THE	449.916	604.909	<u> 34.4</u>
12. =11-(2+8)		Customs Hea	dquarters
		A 20 40	-
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		Source: Ci	istoms Head	Iquarters
TABLE No. 2	- FOREIGN	TRADE I	N 1978	
	EXPORTS			
<b>行。不使用自己的</b> ,但是	(Millions of doll			variation
		1977 .	1978	1978/77
1. Agricultural and food pr	oducts	2,231,3	2,637.8	18/2
2 Mineral products	r Yaya Yara	701:6	761.1	8.5
3. Chemical and plastics pr	eaducts	963.7	1,264.7	31.2
4. Textile products		5713	770.1	34.8
4. Textile products	A.5 Y.5 A.7	511.6	610.6	19.3
5. Footwear etc.	de la	1.362.1	2.069.1	- 51.9
6. Metals and metal produc	15	1.238.6	1.558.6	25.8
7 Machinery		891.5	1.139.9	27.8
a) Mechanical (c.84)		346.6	418.7	20.8
b) Electrical (c.85)				25.3
S Transport compment	Andrew Committee of	1.375.9	1,765.5	
a) Land (c.87).	\$88.0		1,362.3	38.4
b) Sea (c.89)		327,9	292.7	-10.7
9. Others		1,276.4	1,648.0	27.1
O. TOTAL	6 1 ( ) 4 1	10,253.1	13,081.8	27.6
		S.021.8	10,444.0	30.2
1=10-1 2. =11-(2+8)	5 (S <u>.</u> 17)		7,918.1	33.2
	The second of th	Source: Cu	stoms Head	lquarters

## PHILIPPINES MANILA - 7901.

Other European countries

TOTAL NORTH AMERICA

TOTAL EUROPE

United States

NORTH AMERICA

Germany (F.R.)

The Netherlands

United Kingdom

Belgium/Luxembourg

France

Denmark

TOTALEEC

Switzerland

Norway

Sweden

Portugal

TOTAL

USSR

Poland

TOTAL

Canada

Yugoslavia

Italy

Eire

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#### 3.9 6,118 3,176 42.9 2,419 30.0 2:2 4.4 22,633 3.9 39,095 57.9 28.2 579,758 58.3 92,711 9.321.9 8,813 13.8 101,557 10.1 21.110.8

Pesetas

106,721

166,360

49,846

28,479

64,571

7.710

3,076

463,621

17,840 11,493

20,379

54,410

10,919

4,698

(millions) exports

total

TABLE No.3 — GEOGRAPHICAL DISTRIBUTION OF FOREIGN TRADE IN 1978

Export

varia-

3Ú.1

34.5

6.5

27.4 31.7 37.1

46.8

29.3

11.8

49.7

38.4

14.8

29.0

42.0

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#### LATIN AMERICA 12,684 Argentina Brazil 8,455 8.367 Colombia 6.878 68.6 11,558 7,654 -33.3 Cuba 65.6 8.521 Mexico 5146 43.5 18,189 Venezuela 26,097 57,185 70,201 22.87.0 2.6 Other American countries 16.8 22,052 25,750 TOTAL AMERICA 197,508 19.7 21.1 163,070 21.0 NEAR EAST Saudi Arabia 2,936 39.9 140.1 19.858 Iran 8.272 12,159 9,603 5,360 -21.0 Libya 4,185 Kuwait 21,692 17.2 25,418 Algeria 38.3 57,531 79.590 7.9 OTHER COUNTRIES 15,780 8,935 Japan 3,509 13.1 Australia 13,516 Nigeria 24,182 27,607 14.2 Morocco 4,420 2,792 45.9 4,186 49,9 South Africa 53,685 TOTAL 71,504 33.2 Rest of the world 48,656 6.3 73.0237.350.1 1,001,383 TOTAL 775.150 100.0 100.0 29.2

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Export

78/77

Pesetas total

(millions) exports

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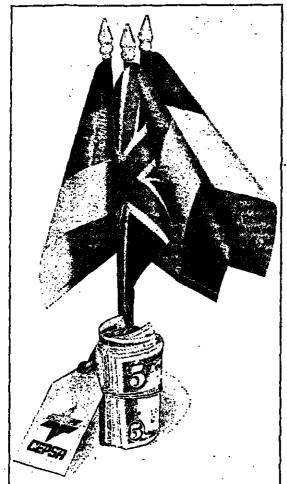
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Capital stock Retained earnings Accumulated depreciation	11,865.7 11,419.5 23,748.1	11,865.7 11,258.3 21,727.6	11,865.7 11,025.5 20,011.8	9,492.5 10,799,1 18,364.5	9,492.5 10,595.5 16,702.9
CEPSA revenue CEPSA subsidiaries' revenue	124,266.5 34,103.0	114,843.3 26.943.0	93,296.1 19.556.0	70.803.1 14,236.0	66,205.0 11.587.0
OPERATION:	<del></del>	(Thousa	ınds metric t	ons)	· 7
Processed Crude Oil Sales in foreign markets	12,017.9 2,242.6	12,169.3 2,839.4	12,073.5 2,750.8	11,060.5 1,804.5	12,535.9 1,677.7

Head office: Av. de América, 32 - Madrid-2 - SPAIN Telephone: 246 44 00 (10 lines) 22 938 CEPSAE 255 64 00 (10 lines) 23,384 CEPSAE 256 53 00 (10 lines) 27,678 CEPSAE Cables: SPANOIL

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## Small men add up to big force

ANYONE looking at the type of abroan to sustain production have, as a general fille, precompanies involved in the lines and cash flows.

Companies involved in the lines and cash flows.

This said, there have been — Spanish capital and manage truck by two things. First, traditional sectors in which ment control. The picture is there are thousands of small companies have relied on radically different in companies exporters whose individual foreign sales for between 15 that are involved in higher sales often amount to tiny sums and 30 per cent of turnover, ischnology or newer industries. but when put together are in sometimes more. These sectors total substantial. Second, there are cement, books, shoes, steel, are a few very large companies, and textiles. The most modern usually foreign-owned or con- of these sectors is cement and trolled, which completely it is significant that a group of these sectors that a group of the second completely interests.

dominate the scene.

So the export achievements of these large companies are easy to identify while the results of the small companies tend to be hidden. Yet one explanation for the continued growth of Spanish exports is that it is precisely these small, often unknown, companies are ive companies there.

cent of Spain's total exports-while the first 20 companies account for just over 20 per cent. No other major industrial country in Europe has quite the same preponderance.

This highlights in turn what Spain lacks: well-established medium-sized companies. This top-heaviness can be seen in the annual export sales of the leading 25 companies. All these have sales abroad of over \$44m. yet between the last company in this grouping, the olive oil con-cern. Industria y Abasteci-mientos Aceites, and the leadcompany, Ford Espanola, there

is a huge gap. Ford Espanola has foreign sales of \$520m, while Industria's exports were just under \$45m. Indeed, only nine companies in 1978 had exports worth more than \$100m.

This situation is essentially a reflection of the limited export consciousness that existed among Spanish companies until recently. In the industrial field

forced managements to look these

that it is precisely these small, often unknown, companies are two cement concerns. Also which provide an essential part of export dynamism.

At present five companies are responsible for exporting 10 per cent of Spair's total exports.

Altos Hornos de Vizcaya (AHV), Olarra and Altos Hornos de Mediterraneo. Together, they have sales equal to almost 5 per cent of the country's total exports.

Ensidesa, the largest, exports 32 per cent of production, Olarra as much as 78 per cent AHV on the other hand conpresent form. centrates on the domestic market and only 12 per cent is

The greatest proliferation probably is to be found in the foodstuffs sector where there remains an amazing absence of concentration. The largest single group of companies here and Standard's Spanish sub-is that concerned with the sidiaries, concerned respectively marketing of olive and veget with computers and telephone able oils where seven groups

most plant was conceived.

most plant was conceived able oils where seven groups equipment. The same could be between them have combined said about Casa, the main aerodemand and only small surplus exports worth just over \$200m. nautical concern in which there capacity set aside for export.

As shown throughout this survey, the recession of the past the olive oil surplus in three years has cut back Spain and the restrictive governdomestic demand, created subment price policy on domestic demand, created subment price policy on domestic demand, created subment price policy on demand general rule in the market stantial surplus capacity and sales. Companies operating in export orientation of the major companies—or the smaller ones. " traditional "

technology or newer industries. The automotive industry is a striking example here. Of the top 25 companies, seven are vehicle manufacturers and

another, Michelin, is directly concerned with the industry through tyre manufacture. Moreover, of these seven companies only one, the industrial vehicle manufacturer, Enasa, consists of wholly Spanish capital The rest are either all under complete foreign manage-ment control—or in the case of SEAT, moving under complete

The sole exception is Motor The sole exception is motor. In the future it is likely that. The future it is likely that the future it is likely that the multi-nationals will turn stake, though how much longer more to Spain, both as a means it can remain "Spanish" is of penetrating the local market and as an operations base to applies to Enasa which is serve Europe yet also looking the local market and as an operation of the same applies. experiencing serious financial

foreign management control.

In contrast, Ford, the leading philosophy. exporter, is an example of a multi-national choosing Spain as In sectors such as shoes, a launching pad for inter-books, textiles and foodstuffs/ national operations. As it drinks, which have a strong stands, four out of the top 10

that squeezes into the top. The other leading companies 25—Textiles y Confecciones are to be found exporting Europeas which has sales of chemicals, minerals or what \$50m. tronics. As there is generally a foreign technology element, foreign capital also has either a significant or controlling stake

This is the case with IBM equipment. The same could be

sectors companies—or the smaller ones

ANYONE looking at the type of abroad to sustain production have, as a general rule, precompanies involved in the lines and cash flows.

Companies involved in the lines and cash flows.

Companies involved in the lines and cash flows.

This said, there have been Spanish capital and manage to satisfying the European struck by two things. First, traditional sectors in which ment control. The picture is market, yet where possible there are thousands of small companies have relied on tadically different in companies sales have been made also to exporters whose individual foreign sales for between 15 that are involved in higher Latin America and the Middle sales often amount to tiny sums and 30 per cent of turnover tradvalors or aware industries. Same sales are condi-East. Some sales are condi-tioned by multi-national philosophies so that for instance all Chrysler sales go through Chrysler France

In some cases it is a ques tion of switching to meet demand. Hispacement last year saw its Mediterranean sales drop but U.S. and Middle Eastern sales rise. Overall, however, sales are directed to however, sales are directed to Europe and more particularly the European Community. For instance, the chemicals group, Union Explosivos Rio Tinto, sells about 58 per cent of its exports in Europe.

In the future it is likely that

towards Africa, the Middle East losses and cannot survive in its and Latin America. Standard present form.

### Buyers

With 26 per cent of turnover export orientation, it is rare to exporters in Spain are car profind individual companies with ducers — Ford, Renault, SEAT large export sales. There is and Citroen (Michelin is also in Michelin also is understood to that squeezes into the top 10).

export orientated base.
Looking further ahead, this clearly is the intention of General Motors in amounting its plans to invest \$1.6bn in a new Spanish plant. All this sug-gests that the major investments promoting exports are likely to come from outside.

Inside it is significant that the state holding company, INI. has a stake in no fewer than seven of the leading 25 exporters, all of which are currently running at a loss. In-deed, it is worth pointing outthat the mere fact that companies are exporting more should not be equated with profitability.

SEE OUR AND CONTROL COM

## Steel fights for life

BETWEEN 1974 and 1978 peak of 11.8m tonnes per year to 8.5m tonnes. This decline, which has been particularly marked during the past two years, has Spanish steel imports, to protect been due largely to the tight their own industries and money policies adopted by the Government. Yet the drop in domestic consumption has been the main stimulus behind Spanish steel exports which traditionally accounted for only a small fraction of total production.

Between 1974 and 1978 Spanish steel exports experienced a remarkable growth, from 800,000 tonnes, per year to 4.1m tonnes with the most marked expansion occurring last year. Ensidesa, the largest integrated steel company in Spain, which is controlled by the State holding INI. increased its exports in 1978 from 988,669 to 1.4m tonnes, an

increase of 41.6 per cent.
Two factors in particular have been behind the Spanish steel sector's good export performance: devaluation of the peseta in July 1977 and the sheer aggressiveness of Spanish exporters, who have managed to maintain their products at

highly competitive prices. During an unusually difficult trading period internationally, Spanish steel exporters have demonstrated a noticeable lack of restraint, taken advantage of their exclusion from the EEC and joined willingly with the more adventurous Continental producers in a cut-throat spiral of price reductions.

### Pattern

However, the pattern of Spanish steel exports has begun to change over the past year. Not only has the peseta been recovering its former value against the dollar, but also Spain's main export markets, the EEC and the U.S., have tightened up on quotas and anti-dumping, measures which ultimately had a negative effect on Spain's export potential.

The value of the peseta is

reflected in the Spanish steel sector since it bears on a large proportion of imported raw materials and the export of finished products. UNISID, in a recent study paper, claims that the beneficial effects of the July 1977 devaluation of the peseta had been all but ibsorbed by December 1977. During 1978 a combination of the appreciation of the peseta and the general trend in international prices has led to a net loss for Spanish steel's export sector of Pia 5.1bn.

Moreover, because the peseta has continued to appreciate and international prices are weak this figure is expected to double by the end of 1979-

In line with the Davignon increased in the following two since the beginning of 1978. imposed a system of quotas on most controversy. restrain production at a time of economic recession. Spain in 1978 had its annual quota fixed at 900,000 tonnes. In March of this year, after months of negotiation, this figure was revised and fixed at 800,000

### Criticised

In general terms the revised quota falls below Spain's export potential and as such has been severely criticised by the majority of Spanish steel pro-ducers. In 1976, for example, before the Davignon plan came

the details of the EEC agree- the Community.

ment that have provoked the Yet although the new agree-The March agreement differs

are exported to the EEC countries semi-finished, to be reprocessed and subsequently re-imported into Spain. Last year 150,000 tonnes of these products were exported to the EEC, and the forecast figure for this year is 300,000 tonnes.

For the EEC this is a major compromise and one designed to give the crippled Spanish steel industry a chance of survival at a time when Spain's EEC membership negotiations are already at an advanced stage. Yet as far as Spanish steel

before the Davignon into existence and a time when Spanish industry was only just beginning to respond to domestic and international pressures, Spanish steel exports to the Community stood at 1978, a number of tripled last year to 478,000 tonnes. This represented Spanish exporters managed to tonnes. What percentage of this sented 38.1 per cent of total sented 38.1 per cent of total sented 58.1 per cent of total community selling to non ducts which entered the EEC continued on Next Page makers are concerned this " con-

Community countries on the Spain's annual domestic con-scheme for the European steel years had restrictions on trade understanding that the goods-sumption of steel fell from a industry, EEC countries have, not been introduced. But it is finally would find their way into

ment stipulates that these exports should now be included in from its predecessor in that it the fixed quota, it would seem does not include in the fixed that the initial reaction of the quota Spanish products which steel producers is slightly exaggerated. Privately, officials in the sector admit that the kind of control theoretically referred to by the agreement will be very difficult to impose. . It seems likely then that, as

happened last year, Spain will in the course of 1979 expert to the EEC an amount that could be well above the fixed quota. In 1978 official exports (i.e. pot including exports to the Community via third countries) were put at 923,000 tonnes, above the 900,000 tonnes quota fixed for the year.

**Plaint** 

**PURCH** DE F

Hell to the second

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shouly), BAHRAIN (To be inaugurated shortly).



BANCO EXTERIOR DEESPANA Carrera de San Jerónico, 36

Banking without frontiers.

## Shoe industry lacks guiding strategy

A RATHER unusual site in the send of the definition people, and place in Madrid at the end of the provinces of the Valencia last month when employers representing some 2.300 effection valencia and spanies got together in a five Alicante) and the Balearic panies got together in a five Alicante and the Balearic and the Government in a but to pressure Islands, especially Majorca and the Government in a but to pressure Islands, especially Majorca and the Government in a but to pressure action to alleviate the industrys needs is a force as abroad by around some 2.300 effection valencia and 30 per cent and are calling for an urgent Government credit of Pta 30bn to offset this.

In the U.S. the cost of a pair of the industry needs is a force as a part of panies for the irrst quarter and urgent Government credit of Pta 30bn to offset this.

In the U.S. the cost of a pair of the corresponding quarter last year, and 15 per cent for the whole of 1978.

Brazil and South Korea are making increasing increasing increasing increasing increasing that the advantage of low labour ground to what the shoe em. His 100m mark gilhough para-ployers insisted was an doxically three of the four "assembly" rather than a "sit biggest exporters are located in in" was grim enough. In the Pamplona Labacate and Sara-town of Fiche in Algebra is gossa. companies had closed down in the preceding ten days alone Viable and several more were threat. ening to put up the shutters.
This news came as something of a surprise to most people.
After an unrelieved boom in

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pecame: symmymons with survival. Low labour costs and brutally. Measuring the first
commercial aggression have quarter of 1979 against last year,
been the keys to the industry's the cost of importing untreated
success up to now. The share hides has risen 57.8 per cent,
of exports in the sector's turnover short up from 26 per cent and tanned hides no less than
in 1968 to nearly 50 per cent 88.7 per cent.
last year.

But the appreciation of the

It is not, however, the struc-ture of the industry, with only 9 per cent of companies employ-ing more than 50 workers, that After an inrelieved boom in shale exports during the past five is at the root of current problems. Nearly all employers thing under 5 per cent of all stress that the small is frequently the most viable unit, more than doubled in volume and point to five experience of and tripled in value during the Segarra in Casteffon; which with past ten years Last year Spain is 3,900 plas employees led the industry until 1976, when it all shoe exports, with no compensation elsewhere. Last year 1977, but they brought in Pta and was taken over by the State.

One of the industry's most to EEC countries. But Spain's main clients there, France and West Germany, which last year the U.S. took 49.4 per cent of Spanish shoe exports, against 53.4 per cent in 1976 and 54.5 per cent in 1976 and 54.5 per cent in 1976. Figures for the first quarter of this year, however, show sales in the U.S. at around a third of all shoe exports, with no compensation elsewhere. Last year 37.7 per cent of exports went to EEC countries. But Spain's main clients there, France and West Germany, which last year the use of the setting up of a free port at the port of the second up of the port of the port of the port o

up as a cottage industry under the setting up of a free port at the impetus of post Civil War Alicante for hide imports. But attention to exports once the attention to exports once the domestic market showed signs of saturation and foreign sales became symptomous with sur-

last rear.

But the appreciation of the It remains, fractured into pesets is the problem which nearly 2,500 companies, employ-most concerns show exporters.

36-40 per cent. On the one hand the peseta has appreciated faster than the dollar, and secondly, since the beginning of the year, the U.S. has added a 2 per cent duty charge on shoes from Spain. This looked as though it would be considerably higher late last year, and may increase in the future, underlining Spain's vulnerability through over-concentration on the U.S.

37.7 per cent of exports went the cash-flow position of the to EEC countries. But Spain's weaker companies that have main clients there, France and grown up inside this structure.

#### Delay

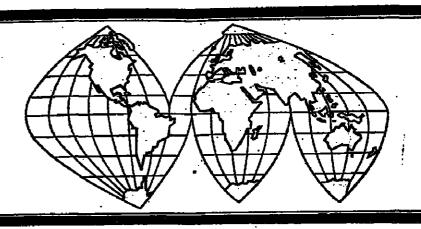
In addition the sector has serious subsidiary problems which are only likely to increase. For example, shoe exporters receive a 12 per cent tax deduction according to the volume exported. Since Spain operates a 35 per cent tariff against foreign shoe imports, the two measures combined are likely to lead to an extension of restrictions within the framework of GATT. Yet by the end of last year the Government owed the shoe industry over Pta 1bn in tax relief and the consistent delay in delivering these funds often halves the real value and puts additional strain on weaker companies that have direction to take. But beyond existing problems,

making increasing inroads into that the advantage of low labour costs in Spain has vanished.

By conservative estimates, however, technology in the sector is around 25 years behind that of Italy, which would be Spain's main competitor. The investment required to close this gap is of the order of Pta 10-12bn over the next decade, an unattainable target without major Government backing.

in research and the promotion of Spanish shoes abroad. The industry has several mutually antagonistic employers and commercial associations, and this has not improved overseas industry is at a crossroads, with very little time to decide which

David Gardner



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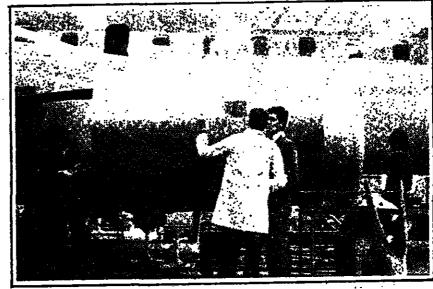
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## Steel

CONTINUED FROM PREVIOUS PAGE

through the back door is not Spanish steel. The anti-dumping known, though most officials measures of the EEC were pre-hazard a guess that the amount ceded by these of the U.S. was considerable. towards the end of 1977. Simi-However, 1978 did demon-larly, the U.S. in June of this

trate the effectiveness of the year decided on an extension of EEC when it came to anti-import quotas.

dumping control Spain's steel. These restrictions forced exofficials received a sharp jolt porters to look for new outlets, when last February, Relgian This diversification has been steel manufacturers triggered a further stimulated by the crisis formal investigation by the in Iran This country has been European Commission into com- a traditional consumer of plaints that Spanish steel had Spanish steel products: in 1978

As a result, the Commission of total Spanish exports. This introduced a precautionary fighte in the first quarter of this punishment. Sales to the Company are treduced to zero. munity of certain types of Spanish steel manufacturers munity of certain types of Spanish steel manufacturers spanish steel beams were sub- are turning towards Africa, jected to a special anti-dumping Latin America, the Fast East levy amounting to the difference and Comecon. The changing between the Spanish prices and pattern is reflected in customs the EEC base prices. Spain research the first guarantee of the spanish steel exthe EEC base prices. Spain supplies more than half of all imports into the Nine of "U" beams, "I" beams and "H" beams.

### Complaints

The levy was suspended inder However, diversing and the terms of the March agree not brought about that increase the terms of the March agree not brought about that increase in exports which the Spanish desperately ment but it served as a warming in exports which the Spanish that stricter measures would be steel industry so desperately introduced in the future if there needs. Provisional figures for were any further complaints, the first four months of 1979. The difficulties which Spanish show that total steel exports steelinakers have faced during have declined by 10.6 per cent the past year with the EEC have compared to the corresponding have married last year. heen mirrored in Spain's trade period last year. relations with the U.S. the single biggest customer for

been dumped on EEC markets. it accounted for 11.8 per cent Spanish steel manufacturers

ports during the first quarter of 1979. Where the EEC and the U.S. imported 38.3 per cent and 11.4 per cent respectively of total Spanish steel exports in 1977, these figures have now dropped to 23.7 per cent and 8 per cent.

Jimmy Burns

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## Growth of capital goods loses edge

Pta 4920n, and domestic con-sumption by 2.2 per cent to Pta 561bn, exports increased in value by 18.5 per cent to Pta 190,5bn. In the period 1974-78 capital goods exports have increased by 61 per cent. This has occurred while produc-tion has dropped by 34 per cent and consumption has fallen 15 per cent. Exports last year covered 38.7 per cent of total production compared with caly 14 per cent in 1970. Capital goods in 1978 accounted for 19 per cent of total Spanish exports and 22.8 per cent of industrial products.

Yet these statistics tell only half the story. The increase of 18.5 per cent in capital goods exports was lower than the 29 per cent increase in Spain's total exports last year, and compares with increases in the sector's exports in 1976 and 1977 of 34.3 per cent and 30.8 per cent respectively. With this slower rate in exports the "bright spot" appears to have begun to dim at the edges.

The gradual appreciation of the to the EEC was mechanical peseta throughout 1978 has eroded the advantages. eroded the advantages reaped initially by the sector following the devaluation of the peseta in July 1977. The sector has, however, been traditionally more affected by inflation than

capital goods industry has man-aged to maintain more or less constant trading with its tradi-tional partners and has succeeded in penetrating new markets. The EEC continues to be the major outlet for Spanish capital goods, accounting for 40.5 per cent of total. exports in the sector. It is a measure of the sheer aggressive. ness of some Spanish capital goods exporters that, during a particularly difficult trading period, exports to the Community in 1978 increased by 14.6 per cent to Pts. 77.2bn.:

#### **Machines**

Within the EEC, France was the main recipient of Spanish capital goods and accounted for nearly half of the Community's will only be boosted if the total with Pta 30.2bn. West Government introduces a pack-In addition to an unfavourable trend in international
prices, a number of internal
factors have been adversely
affecting the competitiveness of
Pia 11.2bn. As in previous pears tated companies.

The amphasis however is in-

The sector's second largest trading block, Latin America, absorbed Pta 33.3bn, an increase the block, while Venezuela continued as the main trade partner absorbing Pta 8bn of capital trial projects which have been

THE GROWTH of Spanish capital goods exports in 1978 has stood out in relief against a gloomy picture of falling production, slackening demand, and virtually stagnant investment, three aspects of a deep recession which according to Sercobe, the association of capital goods manufacturers, has brought the sector to the "gravest crisis in lish history."

Figures for last year show that while production fell in value by 5.5 per cent to Pta 582bn, and domestic consumption by 2.2 per cent to Pta 582bn, exports increased in value by 18.5 per cent to Pta 580bn. In the period of important companies in the exchange rate because of goods last year, a number of the time lags in production. Government because of the reduction, stackening demand, and virtually stagnant investment, and virtually stagnant investment, improvement on 1977 but still enabled by over 50 building of three nuclear plants and outle the DECD average. The excitor's relative success cobe 86 per cent of 58 per cent in the production fell in value by 5.5 per cent to Pta 582bn, and domestic consumption by 2.2 per cent to Pta 561bn, exports increased in value by 18.5 per cent to Pta 190.5bn. In the period 1974-78 capital goods exports have increased by 61 per cent. This has occurred while produce.

Lobking ahead, it would appear that there is still room in expansion, particularly in areas like the Gulf states, and Sanii Arabia which have a high capacity for the absorption of capital goods. Spain's trade with these areas has not been as active as it could be.

Nevertheless Sercobe's latest report is pessimistic about future trade prospects. Accept-ing that negative internal factors and the trend of international prices are unlikely to change, at least in the short term, the association predicts that the sector's export performance will continue to slow down throughout this year.

Sercobe's view is that exports

The emphasis, however, is increasingly shifting away from exports and towards the domestic market. In order of prioriimportant than the putting on years. stream of a number of indus-

association as a potential statute lus for the crisis-torn sector include expansion programmes by Spain's national railways (RENFE) and state-owned tale; phone company (Telefonica).

Pressure for action on the domestic front has increased as

a result of the growing burden of imported capital goods on the sector's balance of trade: last year imports were valued at Pta 260.4bn and accounted for 53 per cent of total production.
Although there is a strong case to be made for a policy of

import substitution, the solution is arguably a dangerous one. The stimulation of industrial self-sufficiency at the expense of exports was the main thrust of Spanish economic development in the 1950s and 1960s. But the Spanish economy has now entered an altogether more complex and delicate phase.
The take off of major indus-

trial projects such as the miclear plan will almost certainly mean the increased presence in Spain of foreign capital and foreign technology, both of the project of the pr which are already much in evidence in the capital goods industry. It would, however, run medium and small sized capital goods companies whose dedication to medium technology has trading block, Latin America, ties Government - sponsored been one of the main stimulants absorbed Pta 33.3bn, an increase export hack-up facilities are now of the sector's export performs of 13 per cent on 1977. Within generally looked upon as less ance during the past three been one of the main stimulants

**Jimmy Burns** 

## Momentum continues tor cement sales

world's largest exporter. Last year the country exported 9.85m tonnes, or 30.9 per cent of a record production of 31.87m tonnes. This brought in Pta 23.25m, a rise of 49.5 per cent on the previous year.

The industry in the past five years has been a continuing success story. From 1.81m tonnes in 1974, equal to 7.6 per cent of production, the industry's exports have risen strongly through 4.87m tonnes (18.6 per cent) in 1976, 7.92m tonnes (26.7 per cent) in 1977 up to last year's performance. The momentum shows no signs of slackening.

To prove it, cement is one of the few industries attracting private domestic investment—a feature of the sector is the very thin presence of foreign capital. Hornos Therica, for example, is building a new factory near Almeria for an estimated Pta 8bn, nearly the equivalent of total investment in the sector as recently as 1977.

### Kapid

The industry first established a lignificant presence under the aegis of the development plans and rapid industrialisation that took place in Spain during the 1960s and early 1970s. By 1965 domestic consumption had risen to nearly 10m tonnes, but just over a quarter of this was

the two succeeding years. By second cement - producing the end of the decade consump- region, with a command of the tion had risen to 16.6m tonness southern Mediterranean and North Africa. However, cement or two and a half times consumption in 1960—and imports of both cement and clinker had possible to 200 574 tonness. been reduced to 300,874 tonnes while the tentative foundations for foreign sales were laid with 146,585 tonnes exported.

IN THE past 10 years Spain has decade Spain was still importing the industry's markets, though moved from being a net impor-significant quantities from the out of its top ten clients, eight such as France and Britain—as Africa or West Africa.
well as, paradoxically, countries Saudi Arabia is by a le like Algeria which now rank among Spain's most important

near the coast. In the north factories in the Basque country and Asturias (and increasingly in Galicia and Santander) on Spain's northern Atlantic sea-

board are well placed to supply central and northern Europe, the U.S. and the eastern republics of Latin America,

imported.

It was at this point that major investment in local resources was carried out, and cement import; were halved in each of import; were halved in each of the south east coast is Spain's -above which the country's fifth major cement-producing follow region is located—for export to nology.

North and West Africa.

Hispa

ter of cement to becoming the traditional cement exporters are in the Middle East, North for 57.8 per cent of Spanish Saudi Arabia is by a long way

the main international custo-mer, taking approximately 28 per cent or 2.7m tonnes last Internal demand continued year. This trade started from unabated until 1974, peaking at scratch in 1976, following King consumption equal to 632 kilos Juan Carlos' visit to the King dom. Other key clients which per inhabitant. Fortunately, in three to four years are Nigeria, retrospect, attention was second in the ranking with focused on both the quality of 1.25m tonnes last year; Venelocal cement and the technology zuela, the fourth most import-involved in its production. When and customer accounting for internal demand fell in the 816,342 tonnes in 1978; and wake of the 1973-74 recession Iran, with which the industry the main complementary had managed to build from measure needed for the industry scratch to 777,024 tonnes in the to switch to an export orienta-

tion was to equip Spain's ports adequately.

In this respect Spain is extremely fortunate in that most of its major coment factories are concentrated on or most important client, which reduced its Spanish coment 581,826 between 1977 and 1978.

### **Ambitions**

This is likely to change, however, in view of an ambifious republics of Latin America, still a relatively untapped market.

North eastern Catalonia accounts for nearly two thirds of the value of Spanish cement expurts, with access to the Mediterranean and southern Europe. The port of Barcelona also has facilities for easy and rapid loading in large quanters, in view of an ambitious ever, in view of an ambitious public housing programme announced recently by the Algerians, and improved bilateral relations following Prime Minister Adolfo Suarez's significant importers of Spanish cement include Moroeco (third with 886,234 tonnes in 1978); Kuwait, seventh with 411,661 tonnes; and as an increasingly

Hispacement, for example, ravides a commercial pravides

umbrella for 17 cement producers and last year accounted and 27 per cent of European cement exports (Pta 14.7bn).
Paradoxically, Hispacement grew out of the need of several Catalan cement producers/suppliers to guarantee imports. But with the change of emphasis to exports, the record of this centralised commercial body speaks for itself. From 6.7 per-cent, of the export market for cent of the export market in 1974. Hispacement, which includes the single largest producer and exporter. Asland, acquired nearly 60 per cent of the market in two years flat

### Initiative

The initiative caught on and Basque producers set up a similar umbrella—Expenor—in 1975 to group their three main companies. More recently Madrid cement producers have taken the same road, setting up reduced its Spanish cement the Co-ordinadora de Exporta-imports from 1.2m tonnes to dores de la Zena Centroalthough its impact has so far been minimal -

The most recent forms of technological follow-up show considerable agility. In the case of Hispacement, for example, the group as a whole is involved in constructing a silo complex and port installa-tions in Lagos, Nigeria with a capacity of im tonnes annually. The advantages here are common to all the exporters to the group But Capacitos to

significant importers of Spanish cement include Morocco (third with 886,234 tonnes in 1978). Kuwait, seventh with 411,861 tonnes; and as an increasingly significant client the U.S. cighth with 361,284 tonnes though a substantial part of this went to Puerto Rico.

Apart from the natural advantages already mentioned, the industry's export performance has depended to a large extent on its rational commercial structure and its ability to follow up tonnage with tech mology.

Hispacement, for example, markets according to demand.

prayldes

common in all the group. But Cementos Albe to example, as an individual production extending the group, has to example, as an individual production example, as an individual production example as an individual production example, as an individual



## THE ARTS

general Sir Brian Young about

which was produced and directed for London Weekend TV by Derek Bailey with this year's

in front of my own set at home

than sitting in the Princess Anne

At home, although it is

movies, the general standard is

relatively high and I do stand

quite a good chance of seeing

repeats of in The Looking Glass, Monty Python's Flying Circus,

The Kenny Everett Video Show,

Theatre in Piccadilly.

finance.)

Television

## A festival to end all festivals by CHRIS DUNKLEY

The British Academy of Film-and Television Ass. (BAFTA) is known to the public if Telis known at all—for the single-annual programme if provides from the Wembley Conference Centre, when Princess Arins presents the Academy's awards for the best British television programmes films and perprogrammes, films and per-formances. Though I have served for some years on BAFTA juries and believe that the idea of the awards is a good one it must be said that the awards programme is often most memorable for the archness of the script delivered by a couple of embarrassed pre-

However, that evening is not BAFTA's only activity. The Academy prevides various facilities for its members chief among them being its head quarters at 195. Piccadilly, in central London. This contains a 200-seater cinema called the Princess Anne Theatre where members can attend free screenings of furthcoming films, hold discussions about the industry. and so on. There is also the smaller Run Run Shaw Theatre (named after a generous bene-factor) which is actually a television viewing room used mostly by television critics for pre-viewing both BBC and FTV

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But the most frequently deed facilities, naturally enough, are the pleasant bars and restaurant and the surrounding area where 26 countries (and many their the average attendance, members can sit and that and entirety) I have to adult that It is not simply that during the past week watch the members have been dead are Wimbledon on the three sets right one was better emloyed two available. Watching the termis. Though it be.

The awful frony is that during was clearly proper last yer to the same period BAFTA in give the festival a fair chace association with Philips Indus. In its first effort, and even ight tries UK has been holding its to give if the benefit of the second international Television doubt again this year for its second International Television Festival and if they had chosen second, it is going to take sme only ever enter programme to, members could instead have pretty powerful wild horse to made entirely by themselves. been watching what were supposed to be "the best of the if there is a third.

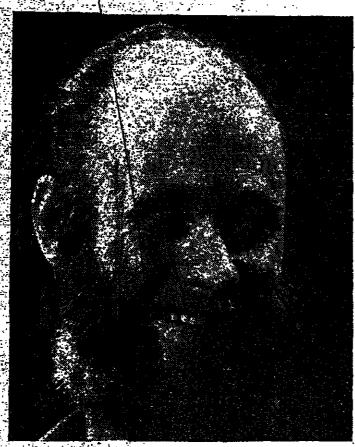
The posed to be "the best of the if there is a third.

The posed to be "the best of the if there is a third.

The posed to be "the best of the if there is a third.

The posed to be the best of the if there is a third.

The posed to be the contrary is no sane way to adjudicate between programmes when you instance; or a ballet from the contrary, screenings bein have no categories, so that the Switzerland, a news report from and end on time and rarely if very well crafted 10-minute. America, or a children's pupper ever break down, which iw programme from South Africa, other television festivals on Yet with total steadfastness the boast ting minority of members who without hesitation for Wimble since it was habitually 90 pr to be seen in Britain).



Christoper Nupen: Gold Mask award

It is not that viewing conlidon.

Cent empty there has been to It is not that the only event together—and that goes for The trouble is that having difficulty in getting sees, in this year's festival which Britain's entries too which, as watched at least part of most Between 10 and 15 delegats, virtually filled the Princess well as Mayerling, included an

of the 36 competing entrys from nearly all foreign, has been It is not simply that entries are almost without exception twice as long as they ought to

> Nor is it the complaints from independent producers or smaller co-producers that only national broadcasting organisations can compete, and that they only ever enter programmes

It is not just that after two summer and the screen is years it is clear that there dominated by sport and old have no categories, so that the very well crafted 10-minute studio puppet show Little Hexi Goes To The Moon (in a helicopter, apparently) has to be The Innes Book of Records, or judged against an excellent 50- Pennies from Heaven, each of bothered to turn up at BALTA tions are bad: the cibema is minute CBS news feature on which has done more to extend at all during the festival opted modern and comfortable; ad The Boat People (which ought the frontiers of television than

Anne Theatre—a "lunchtime episode of The Body in Question lecture" from IBA director from the BBC. What I can be quite sure of

The IBA And Channel 4"sceing at BAFTA is an eyewas judged by general consent glazing succession of costume worthy of one of BAFTA's one-productions which seek to eyed mask awards for "Most exploit chromakey, an electronic process allowing you Banal And Uninformative" of all the many such speeches made to mix images and "float" on this topic during the past characters in space, producing ten years replete as it was with such declarations as "Finance must be adequate!" (So much for all those expecting an IBA trick which has limited amusement value on first acquaintance for inadequate

but which (like most techniques It is not even the extrain any creative form) rapidly ordinary habit of giving one of palls if it is used as an end in the festival's top awards to a itself rather than a means for the festival's top awards to a programme produced by a achieving some other creative member of the jury—last year purpose. the gold to Impressions from It is It is presumably more than

Upper Mongolia which was sheer coincidence that such a produced by jury member means of escape from reality Manfred Gräter, this year the silver to Macmillan's Mayerling Romania, Poland, Russia, Czechoslavkia, Yugoslavia and Hungary, though the precise socio-political reasons might fill British juror Nick Elliott as a book. Many of the other favourite

executive producer. Public assurance that jurors may not vote for their own entries is not techniques — overlaying one picture on another, mixing full colour videotape with monoenough, even when allied to colour videotape with mono-private faith in the rock-like chrome film, switching images integrity of Messrs. Gräter and into negative and so on—were Elliott, to stop eyebrows being used by Christopher Nupen in raised.

All that is discouraging German ZDF station Elegies For the enough. But the real reason I

The Deaths of Three Spanish shall stay away from any future Poets (Machado. Hernandez and festivals is that I am now Lorca) with which he won this

convinced that if top rate television in which "the frontiers are being extended both artistically and technically" (that being the festival's object) is what I want to see during the festival's object) is what I want to see during the festival's object) is a very clear intelligence at the convince of the festival's object). the electronic techniques to BAFTA festival week, my the electronic techniques to chances are a lot higher sitting convey specific notions and call forth specific responses in the viewer; and they are used

> So often in other productions skill was missing: a necklace floated through the air towards Cinderella's neck in the Czech ballet and arrived an inch too far to one side; the mannikin in Romania's Carnival of Animals rose into the air slightly above the giant's hand, not on it, and so on. The only two programmes for

which it might have been worthwhile missing a little of Dan Maskell Fortnight apart from the award winners (and of course Mayerling has been shown already and been awarded the 1978 Prix Italia for music) about The Dionne Quintuplets, a familiar format mixing archive newsreels and new interviews; and Italy's Strux solely because it set out quite deliberately to include eroticism in a light entertainment programme has been shown in light entertainment programme has been shown in department, has announced a Strauss's Der Rosenkaralier will Britain from the Leningrad leavely constructed around the leavely loosely constructed around series of transmissions during been seen, with Gwyneth Jones, state Airov installed, and series of transmissions during been seen, with Gwyneth Jones, state Airov installed, and the summer months. BBC2 is Lucia Popp. Brighte Fassbaenfull-length ballet, dating from the summer months are gundar the summer months. BBC2 is Lucia Popp. Brighte Fassbaenfull-length ballet, dating from the show programmes featuring der and Manfred Jungwirth, the first time in the West. The season begins on Sunday. that BAFTA members treated their own 1979 International TV August 26), Merce Cunningham July 8 when Marius Petipa's as Nikiya and Tatyana Terefestival: as though it didn't (on August 5) and a document La Bayadère will be seen in chova as Gamsatti.

Aldwych

## Wild Oats by B. A. YOUNG Blind John O'Keeffe's marvel-

lous farce, though re-cast in a number of parts since we saw. it three years ago, still has Alan Howard as Jack Rover. the strolling player, and even if all the rest of it weren't as good as it is this would be inducement enough to lure any sensible playgoer to the boxoffice at once. The story parodies the kind

of melodrama W. S. Gilbert was still parodying a century later, full of impersonations, revelations of secret marriages and births and so on. Harry Thunder, John Nettles, (a study in gentlemanly naughtiness). son of Sir George Thunder, has run away from school to join a band of players under the name of Dick Buskin. Fellow-player Rover, for reasons I needn't go into here, pretends to be Harry Thunder. not knowing who Dick really is.

.Sir George, a retired naval officer, has secretly married under the name of Seymour. Naturally his long-abandoned wife and child are found from among the other characters, and all ends happily-more happily, I hope, than at the first night, when a curtain stuck halfway down just as the company was about to serenade our exit with their version of "It was a lover and his lass."

What adds extra colour to the dialogue is Rover's weakness for quoting Shakespeare and others, constantly but not always aptly, in his conversation. Jane (Zoe Wanamaker) is only half delighted when he woos her with the line "I kissed thee ere I killed thee." The rest of the talk, and indeed the manner in which it is played, is Gilbertian, only a good deal more inventive and less full of lawyer's jokes. " Are you well?" asks Amelia (Eve Pearce), when she finds Rover lying bloodstained and unconscious on the floor; and naturally he sits up and gives her a proper answer.

Alan Howard's gift lies mostly in the timing of his lines, which is magical. I have sometimes groused about his speaking in verse; but in his comedy playing I don't think I could find a fault if I wanted to. Some of those around him rely on exaggeratedly comic movements— the wealthy and beautiful well worth bringing back. I Norman Rodway, for example, Quaker, could not be better, nor hope it won't be the last time.



as Sir George, and Malcolm Donald Douglas as Banks the Storry as his ex-boatswain, now unbeneficed parson and Eve his valet. None the worse for Pearce as his sister. that, their performances fit as well into the farce as a dame into a pantomime. Others rely farmer's son; Miss Wanamaker's

Ballet and opera on television

more on comic truth. There is same mood as his immortal another lovely performance by Comedy of Errors. The scenery Allan Hendrick as Sim, the (designed by Ralph Koltai) is

This splendid romp is directed by Clifford Williams in the very simple to look at, but scene Jane is only just beyond the follows scene rapidly and enterbounds of, say, Eden Philipotts, tainingly, the changes them-Yet others must remain straight. selves a subsidiary pleasure. Sinead Cusack's Lady Amaranth. The production was very, very

## Comédie Française, Paris

## Dom Juan by Nicholas Powell

The Comedie Française's current production of Molière's July 30 and again from September 15, is so good that French reviewers have been reduced to breathless praise or critical mit-picking.

One critic—a Communist— noted that Dom Juan was not subversive enough Another carped at Doma Elvire's unsuitably luxurious nightdress in Act V. This latest Dom Juan. which took a year's work to produce, adds ambiguity to the already clusive personality of its principal character.

Directors Jean-Luc Boutte and Philippe Kerbrat, like Jean.
Vilar and Antoine Bourseiller
before them, have chosen to soft
pedal to supernatural elements
of the last two acts. The Commander's statue is represented by a bust, and the Commander as a character by a doll-like head. There is no descent into Hell, none of the "great fives" stipulated in the stage direc-tions. Molière's hero is given a quiet if painful death, bereft of any metaphysical dimension and disturbing in its banality after the urgent warnings of his father, wife and servant Sganarelle. Gone too is any notion of celestial wrath or of Dom Juan the atheist too proud to repent when faced with proof of divine workings.

Francis Huster's Dom Juan is subtle, archly self-conscious and sensual to the point of effeminacy. He is simultaneously sympathetic and repulsive; a spolit darling who for any situation to prove too bolsterous and sympathetic difficult. Nothing amuses but Sganarelle (Patrice Kerbrat) knows the social ropes too well the pursuit of novelty, justified by spurious but ever so clever rationalisations and wrapped inthe ribbons of an acceptable romanticism.

Dom Juan remarks towards the



for example when he is Jaced meticolous historical detail. metaphysical with an imploring and passionate Donna Elvire (Catherine Ferrat) or an outraged Pierrot (Gerard Sirondon) who watches his faithless fiancée fall prey to the aristocrat's polite lust.

Francis Huster is set off by a who argues surprisingly demo-cratically with his master: more whining and cringing on his part would better have set off the cruelty of his position, subjected As this chillingly self-aware to a man morally his inferior. As ever at the Comedie

end of he career: "Hypocrisy Francise, reopened in Septem- The scenery for Dom Juan is a fashionable vice and all ber 1977 after extensive reno- simple and spacious, with imagfashionable vices pass for vation, even the smallest inative lighting effects and virtues. The devious intelligence of actors. The period costumes moments in Act IV and Act V. Dom Juan commands admiration are sumptuous with the familiar in which Boutte and Kerbrat even when he most repels. As Comede Française attention to have chosen to sidestep the metaphysical.

Wigmore Hall

## RNCM students

of Music has got into the purposeful. He and his partner admirable habit of annually held one intent on the progress sending the best of its senior of a difficult, disturbing, student performers southwards to the Wigmore Hall, for the invaluable approximation of the invaluable approximation of the control of the invaluable approximation. invaluable experience of an early appearance before the London public. Monday night's recital of English, French and Czech music was the second of two; the talent arrayed may have been of capable rather than exceptional standard, but the programme was, in the best

sense, devoid of routine. Peter Maxwell Davies' Stedclarinet and percussion, was a vigorous brass ringing through was surmounted by Anthony in these parts, but it was com-Hope and Christopher Bradley fortably accommodated. The with an imassuming ease of tech- Variations on a Chorale (1988) nique and manner that allowed for brass quintet by Petr Eben one to forget about the student (b. 1929), currently a visiting the music. The composer lays college, proved to be harmless out a "motet," and at the same stuff—Malcolm Arnold in Czech time arranges its disruption by pants. The quirky exhibaration the spirits of spleen, parody, of Janacek's Capriccio for piano and sudden violence always so left hand (Peter Noke), six Mr. Hope didn't quite generate ductor David Drummond. A the sheer force of sound, hovering on the verge of the late Janacek should always listener's pain threshold, that affect the listener as an emomakes Alan Hacker such an tional outpouring, but the final extraordinary performer of the bars, though still tonic, were not work; but his survey of the quite like that on this occasion.

The Royal Northern College effects was both musicianly and

performance of the evening. The Debussy G minor string quartet was played by the Arioso Quartet, in tones smooth and well-knit, in phrases that tended to an excess of cautious uniformity — there is more rhythmic variety to Debussy, more drama in his quartet discourse, than yet fathomed by these players. The Czech works man Doubles, a dialogue for solo framing the concert sent some testing choice for students. It the hall; the effect is unfamiliar label and simply concentrate on Fellow in composition at the powerfully called up in Max- brass players and a flute, was well Davies' "medieval" music. rendered soundly under the con-

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Wednesday July 4 1979

## Steel is a business

" awareness that failure to make profit and problems. When every allowance has been made for the severity of the world steel crisis, stemming from surplus capacity and stagnant demand, the most difficult task for the Corporation is to instil in managers and employees at all levels the disciplines that would apply if it was a private-sector

There is an understandable feling within the Corporation that no Government, not even one led by Mrs. Margaret Thatcher, will allow so vital au industry as steel to wither away, that the BSC's losses are no higher than those of several major foreign companies, and that if other Governments are prepared to protect their national steel industries until better times return, the UK should do likewise. As long as these attitudes persist, the BSC will continue to be a drain be far higher than they need

It is true that some progress has been made, with unex-pectedly little opposition from the employees affected, towards the removal of obsolete steelmaking capacity. Yet the most striking feature of the BSC's financial performance in 1978-1979 is the size of the losses at some of the relatively modern works which have received very large investments in new facilities during the past few years. In South Wales, for instance, Llanwern made a loss after Talbot a loss of £30.1m.

## Poor quality

and embargoes led to a loss of some 190,000 tonnes of steel production and cost £8.6m last

A privately-owned steel comaccompanying the British Steel pany could not sustain losses on this sort of scale for any Sir Charles Villiers lists four length of time; it would have urgent priorities on which the to embark upon drastic cost return to viability depends, cutting measures or, at worst, closure. The Government has apparently decided that for the generate cash will sooner rather 1980-81 financial year, beginthan later lead to further plant ning next April, it will not closure as in all other walks fund the BSC's revenue losses, of industrial life." The point seems obvious enough, but it a modest capital spending progoes to the heart of the BSC's gramme. While this should exert strong pressure on the BSC's top management, there remains the problem of how to transmit these disciplines down the line, to the managers of individual steelworks.

It is precisely for this reason that Sir Charles Villiers has wanted to cut out, or at least greatly reduce, the layers of central and divisional management which provide a protective cocoon for the works managers in the field. By identifying individual steelworks as profit centres in their own right, he hopes to give more responsibility and more incentive to the executives in charge

#### Devolution

In any large and complex company like British Steel there is room for argument about the appropriate balance between the centre and the operating units. Some executives, conscious of the disruption caused by past organisational changes, may feel on the taxpayer and losses will that the devolution of profit be far higher than they need responsibility which Sir Charles wants can be achieved within the present structure. But given the financial crisis which the BSC is facing there is a strong case for simplifying the organisation so that the link between jobs and profitability is clearly understood at plant level.

The application of commercial criteria to the BSC may be resisted on the grounds that other governments are continuing to support their steel industries: if the BSC cuts back its capacity too far and too fast. this may simply increase imports of subsidised steel from abroad. This is a danger that will have to be carefully watched, especially as the Davignon Plan is having only limited success in Clearly a major reason for maintainin stable prices within the losses has been world over- the EEC. But it would be quite in flat rolled products which are viability to be relaxed in the the main business of these two hope that some European solu-works. But there is little doubt tion to the industry's problems that there are serious short- will eventually emerge from comings in the internal opera- Brussels. Such hopes merely protions of the works, resulting in vide a further excuse for delayirregular deliveries and incon- ing unpleasant decisions. British sistent quality. In addition, the Steel must be run as a business, report notes that in the not as a public service, and the Welsh Division internal disputes Government must ensure that the Corporation has the manage-

ment and the organisation which

will permit that objective to be

## Latin America and the U.S.

THE PRESENT state of affairs Canal. Under the terms of the in Central America has concentrated attention once again ington in its relationships with its Latin neighbours. The hostile reaction that Latin American governments of all political complexions showed to Secretary of State Vance's call in the Organisation of American States last month for the despatch of a military force to Nicaragua has shown that these problems continue to be thorny and not amenable to quick resolution by diplomacy.

On the one hand Latin America is unwilling to give even the best intentioned administration in Washington the chance of participating in any new armed intervention in the region. On the U.S. side there is an understandable preoccupation with the stability of Latin America and the defence of its strategic and economic interests in Latin America.

### Tougher tactics

After the attempt by President Kennedy to start a new era of good neighbourliness col-lapsed as the Alliance for Progress proved to be effective neither in the economic nor the political spheres. Presidents Johnson and Nixon had recourse to tougher tactics as exemplified in their policies towards the Dominican Republic in 1965

when Mr. Carter took office in 1977 he realised that he had been left a dangerous legacy by defusing the situation in a very creditable way. He distanced self from autoritarian regimes himself from the more unand give every help to those popular rulers in Latin America, who want to see them replaced ment in the region and democracy. In Central America, announced that his administration was as interested in social many other countries of the reform as President Kennedy region, support for reformists had been at the time of the and democrats should bring the

Alliance for Progress,

pact worked out by his adminis-tration with the Panamanian Government the waterway will pass under local jurisdiction on October 1. While legitimate U.S. interests in the Canal will continue to be guaranteed, the danger of renewed outbreaks of disorder and rioting has been

Closer to home Mr. Carter's handling of relations with his oil-rich Mexican neighbour also promises benefits and an in-creased flow of oil and gas that the U.S. needs. In Central America, most notably in Nicaragua but also in Guatemala and El Salvador, the U.S. faces difficult challenges. Popular difficult challenges. Popular dissatisfaction with Governments which in the past have been able to count on automatic U.S. political and military support have created an area of great instability. Powerful voices have been

raised in the U.S. urging Mr. Carter to quit his policy of political reformism and return to supporting authoritarianism It has been argued-unconvincingly-that the majority of the critics of the present governments of Nicaragua, Guatemala and El Salvador are the puppets controlled from the Soviet Union.

### Political dividends

Mr. Carter should refuse to give any credence to such arguments, continue to distance him reaffirmed a U.S. commitment by new governments committed to effective democratic govern- to reform and effective U.S. and other Western Among the concrete achieve-ments that President Carter can Mr. Carter has to do is to stick point to as the fruits of his new to the policies towards Latin policy is the agreement with America that he set out when he Panama on the future of the entered the White House.

'The corporation must look hard at the big loss makers-now clearly exposed to public gaze'



-part of BSC's £400m complex at Redear, Teesside

## The knife at BSC's throat

BY ROY HODSON

LEADERS AND LAGGARDS

+£9.0m

-634.7m

-£15.2m

—£65.9m

-*£*36.7m

*-£*27,3m

–£10.2m

For the first time British Steel discloses in detail the pr

RITISH Steel Corporation Brown appears to be heading for uncharted and rock-strewn waters, with a loss for 1978-79 of £309.3m and the plans for reorganisation by its chairman, Sir Charles Villiers. rejected by the Board.

Charles had proposed a major restructuring of BSC as the best formula for reducing the corporation's formidable losses. At a Press conference yesterday he officiated over the burial of his scheme, admitting that there is now no doubt that the consensus of the Board is that any reorganisation at this stage would cause sufficient disruption to damage, rather than assist, British Steel's progress to break-even and the elimination of our

But if Sir Charles considered a reorganisation necessary last week to reduce continuing losses of approximately fim a day, what has happened in the meantime to render such drastic action unnecessary? The answer is nothing.

Sir Keith Joseph, Industry Secretary, has said the government will not fund British Steel's trading losses after March 1980. New action must be taken if the corporation is to have even a fighting chance of shielded the per operating at a break-even rate line management.

### 'Break-even' dilemma

While sticking to the target of achieving a "rate of break-even" by March 1980 Sir Charles made the significant point that the board has not set itself any objectives to break even over a complete year.

losing £150m in the current six investment (which cannot find months, April to September. markets for its output) and by British Steel will continue to smaller subsidiaries suffering the financial year. The forecasts are not propitious. They suggest market conditions for world steel will become more

Senior executives involved in the day-to-day running of the corporation hope they will be able to accelerate the closure of loss-making steelworks during the period up to next March. But even with the toughest imaginable closures programme, they can bardly hope to turn the corporation round to meet Sir Keith's dead-

The best thing to come out

10|-FROM BSC

FINISHED STEEL SUPPLIED TO UK CONSUMERS & MERCHANTS

of British Steel's annual report for 1978-79 is more frank disclosure than ever before of exactly where in the vast organisation the money is being made and lost. The structure of the corporation has, until now. shielded the performance of

This year the profits or losses of 14 separate profit reporting centres are published. (They are listed in the accompanying Only three of the 14 units

made any money. The Sheffield steelworks group, which is largely based upon electric steelmaking using scrap as a raw material, acquitted itself well with a profit of £9m. But that was more than concelled out in the Sheffield division as a whole by big losses made by The likelihood is that after the new £130m stainless steel smaller subsidiaries suffering hard times.

The other two profitable parts of the corporation were quite minor activities: non-steel tubes —made a £2.8m profit and ancillary business conducted by the Tubes division made a further £3m. If the corporation is to turn itself round it must look hard

at the big loss-makers-now clearly exposed to the public The worst situation is to be

found in Wales, where all three of the hig strip steel mills

last year. The Port Talbot Teesside and Scunthorpe, and works is losing £14.40 on every ingot tonne of steel made, the Shotton works in North Wales is losing £23.90 a tonne, and

Scottish Division

Sheffield Division

Teesside Division

Welsh Division

Tinplate

Steel Tubes

losing £17.30 a tonne.

Non-steel Tubes

Other business

Steelworks Group

Teesside Works

Lianwern Works

Port Talbot Works

Associated Products Gri

BSC Stainle BSC Stainless Forges and Foundries Light Products

That Shotton is losing money steelmaking facilities are old and relatively expensive to run. The corporation cannot be expected to maintain iron and steel making there much longer, for it has no money for new equipment

### Lack of excuses

But there is no ready excuse for the operating losses at Port matters including purchasing Talbot and Llanwern. A critical and supply of raw materials. government can be expected to conclude that for those works to lose money on every tonne of steel made represents a failure of management to manage.

have involved the replacement of the six existing divisions by redistribution of responsibilities that individual plants' making steel profitably. The Charles of the three super divisions. It of just under 3m tonnes a year are continuing to lose money was likely that one division is, by and large, not profitable heavily. The Welsh division as would have encompassed Scot- in the face of a strong Pound a whole has lost £96.6m in the land and Sheffield, the second and fierce foreign competition.

the third Wales and the Corby That part of the scheme

across regional loyalties and made no sense at all to many of Sir Charles's board members. the modern Llanwern works is But the second part, requiring is understandable; its iron and 15 managing directors in the regions to show profits to a small central organisation, appeared to make rather more

The weakness — in the view

of some critics, the fatal flaw -was that those 15 profit centre managers could not be wholly responsible for the affairs of the businesses they would manage. They would have responsibility for production. Butsuch is the structure of British Steel that other important labour relations and sales of products would have been handled at national level and the influence of the regional

The board will naturally be concentrating attention in the three "super divisions" and a coming months upon saving money as quickly as it can by closing unprofitable managements would have been Steelmaking at Corby, Shotton made squarely responsible for and Consett must be high on the list. The strengthening executive chairman - Sir Pound makes early closures would have been even more desirable from the supported by three vice-chair-men, each responsible for one current level of export business

winning bac the 20 per cent of It may be possible for the the kome market which is Government to give the corpor-currently taken by imports. But ation some relief by means of such a stratey will mean that a capital reconstruction. The works manifacturing a high idea was considered and then percentage d their products for shelved for more thought at the

capacity of 22.5m liquid tonnes tonnes in he year 1979-80 com- on the basis that installed plant pared wil 17.3m tonnes in capacity is more than the coo

virtually no prospect of the burness being returned to Mr. Bob Scholey, chief execuprofit whe it continues to operate at ofy 80 per cent capacity. the past four trading hile it has incurred a furthe fibn deficit by capital investient at the fastest rate in The round of capital spend-

ing ishow almost complete, however ind has resulted in the corpora on securing the best array. of stelmaking plant to be found anywere in Europe. It could pay iff if there were to be a revial of steel demand in the earl 1980s. But there is little project of that; indeed Sir Chales forecast yesterday that the conomic environment was like to become "even more

Meanwhile, the capital spend-ing is sadding British Steel wit interest payments of £207m this year. Every tonne of steel mae is carrying a burden of £12of interest.

he league table of lossmaers among European steelmkers in 1978-79 is headed by (laly) £21 a tonne, Cockerill.

## Facts of

None of British Steel's comsufficient only to supplement,
petitors in that comparative list internally generated funds insurthing like the order to cover fixed investment has spent anything like the sums recently invested by the corporation on new plant.

If the interest component is can be in no doubt about their deducted from British Steel's orders. They have to cut out the corporation comes down to a relatively low rate of loss of time when the market outlook 15 a tonne—a good perfor for steel sales is bleak. They mance by current European are not optimistic about standards.

Britis Steel might be But the facts of life are that expected to deliberately shed the investments have been But the facts of life are that expected to deliberately shet made and British Steel has to some d its export trade and to made and British Steel has to give much more emphasis to try to pay for them.

ement markts will have to be time of the 1978 steel crisis. closed when the corporations losses at preset, the corporation touched £1.5m a day. Now, and the transfer of the corporation are the corporation. is being given further consider a year an expects to make ation and the corporation's Im tonnes and 18m fixed assets are being revalued poration can expect to utilise "-the words of tive and deputy chairman:

The revaluation may be pub-The progration has now lost lished with next year's accounts. Government support for some relief of the corporation's financial burden would be a great morale-booster for the corporation's 186,000 employees: But it would have to be carried out with care in conjunction with the intended lower profile in some export markets. Otherwise, it would attract charges of subsidised competition from other world producers.

The Government would weicome any financial savings that British Steel could make by selling off perepheral interests, But the opportunities in that direction are limited. The two obvious candidates are parts of British Steel Chemicals and the constructional business Red path Dorman Long. Such sales might make £30m-a single month's British Steel losses at present rates.

Sir Charles denied yesterday that the corporation would sail Sailor (France) losing £32 a off the stockholding business tone, followed by Italsider British Steel Service Centres. Sir Keith Joseph last night (Jelgium) £20 a tonne. British followed the announcement of seel £17 a tonne, Salzgitter the latest British Steel losses (Vest Germany) £10 a tonne, with a statement to the dead Arbet (Luxembourg) £6 a Commons setting out the new and stringent cash limits for the corporation. - In the next financial year the Government will not finance operating losses... British Steel's cash limits will... be squeezed. They will be and essential capital needs. --

The British Steel management losses per tonne, it can be seen unprofitable activities to reduce to nothing a £300m deficit at a

## MEN AND MATTERS

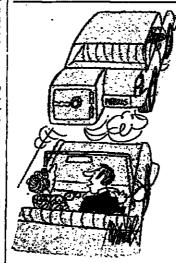
#### Keying into kids for Christmas The joke about fathers buying

spending all day playing with them, is about to be translated into the new technology. Parents must brace themselves for a silicon chip Christmas. A race is in progress to bring British toy market. The forerunners are already flexing their programmed muscles, as was evident vesterday in the Savoy Hotel, London, where a dozen

leading manufacturers were dis-

playing their latest wares. ing me to try a new game in which you pull a string to make a pig fall into a hole, was a world away from the Palitoy director, who rattled off all the latest micro-processing jargon. Palitoy, with a factory in Coalville. Leicester, is part of General Mills, the U.S.-based conglomerate, which is setting the pace worldwide in electronic toys.

"Silicon chip toys are really executive games," I was assured. A picture was con-



" I think it's for the cash he needs to fill up his tank."

dustry idling his time away on an Inter-City train with Merlin, a £25 toy borrowed from the nursery. The core of this newly launched product is a chip costing less than £1, supplied by Texas Instruments and programmed for six different

programmed for six different diversions: the most elementary is playing noughts and crosses against the chip. Other manufacturers are pouring large sums into this field, although the Airtix representative talked gloomily about the hazards: "Next year toy-

shops will be flooded with electronic games." It seems that the Far East has not even The man from Spear's entic- plugged in to this development yet.
More on my level was a Danish exhibitor who cave me a plastic "assemble it yourself"

steam engine. Until I have mastered that one, the mys-teries of Merlin can wait.

### A toast to Tokay

I just had second thoughts," says Clifford Chadwick, "about silting and looking at it at home." A paint manufacturer. Chadwick paid £1,300 for a small bottle of 300-year-old Imperial Tokay Essence at Sotheby's wine auction, but has now decided to give it to the Hungarian ambassador in London who is returned in London, who is returning it to its place of origin, where a new wine museum has been set up. Chadwick explains: "I'm par-

ticularly fond of Hungary, and I'm also fond of history." He says he was not even tempted to try the wine—the boule has been dated between 1680 and 1700 by the British Museum— but thinks it is probably still drinkable. "The unique thing about it is the public set that about it is the noble rot they allow to set into the grapes, which produces a high alcohol strength that has probably pre-Just how far the wine has

travelled over three centuries is

from which it was "removed" in 1918, "when Kaiser Bill got

### Latest score

The latest in a flood of musical sponsorships by big business will be announced today. The London Symphony Orchestra is to make a major tour of the United States, with the aid of American Express. Details of the programme will be proclaimed at a Mayfair hotel by James D. Robinson, the American Express chairman. public relations timing is adroit, seeing that this is American Independence Day.

Another U.S. transnational, AMOCO, recently announced a £250,000 sponsorship for the Welsh National Opera—which is also receiving a helping hand from Imperial Tobacco and the

The Amoco tie-up will include the selling of records of opera choruses at the company's filling stations; motorists at the pump will also be offered Welsh suits them and it suits us," I National Opera tee-shirts. "It was told by Brian McMaster, the opera's general administrator.

### Feeding bears

China's pride, the rare giant panda, is flourishing again in the high mountains of remote Gansu Province, and its mating call comforts naturalists who until recently feared its extinction. The bad year for pandas was winter coincided with the disappearance of the arrow bam-boo, pandas' favourite food, which dies out every 60 years. Many pandas died too—with touching resignation, parently putting both front paws to their head; and waiting patiently for the end.

Chinese covernment rescue something of a mystery. Its last teams drove the surviving recorded resting place was in pandas down into the valleys, the Imperial Cellars in Berlin, where commune members flung

blankets over their heads, ted them up, and took them to shelter. There the pandas were re-educated to accept rice, make, potatoes and types of bamioo other than the arrow. After wo months, a dozen had put on weight and a number were ent back into the bamboo forests. Local woodmen are now huning jackals, the pandes' natural enemy, and children are told not to tease them. But the danger seems to be over.

### Holding out

British Chamber of Comperce which has not surprisingly fallen on lean times. A letter just sent to its members says to keep going until September, and the outlook after that is grim. The reason is very ample—the political situation and the dramatic exodus of British

companies from Tehran. Members are being asked to Members are being asked to pay their 1979-80 subscription of £275 straight away, and to attend an extra-ordinary general meeting on Briday.

The medium and long-term prospects for trade with Iran are good." insists chairman Desmond Harney, who sees the chamber's survival as a vital element in re-establishing good relations between the two countries.

### On the record

In the world of rock musicians a cutting riddle is being circu-lated at the expense of EMI — once the beneficiary of the less others in their heydays, but now sadly bereft of any such rich pickings. Question: What's the difference between EMI and the Titanic? Answer: Titanic had a good band.

Observer

## FINANCE DIRECTORS TREASURERS

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The debate over the provision private health care in the NHS is focused on the issue beds. But because specific beds are not in fact designated as pay beds—it is perhaps more accurate to talk in terms of "paying patients." Under the present system.

hospitals, where there is a proven need for beds for paying patients, are "allocated." or allowed, a specified number of beds for private use. some hospitals, such as Guy's in London, these beds for paying patients are grouped around since Mr. Callaghan has warned, a hospital wing: in others the pay bed is simply an extra bed at the end of a public ward.

that

In these circumstances it is perhaps surprising that pay beds should have prompted such a divergence of political opinion. It is, however, on the political plane that much of micrognition of harsh economic realities. The Health Services the argument is, perhaps unfortunately, fought out.

Government pledged to enfrom the same two health ser-courage the wider use of private vice unions which are now medical care has opened up the political debate once again. The over pay beds—set up the debate over the future of pay health Services Board. The beds in the NHS will be further Board has three distinct functions. fuelled by the findings of the tions; to oversee the phasing out Royal Commission on the of all pay beds in the NHS by Health Service which is due to 1982, to make recommendations publish its long-awaited report on the establishment of common

The Commission's major control private hospital developrecommendations will cover the ment. questions of NHS structure and internal financial arrangements. of State was required to with-Nevertheless, the Commission draw authorisations for 1.000 of is not expected to shy away the 4,444 pay beds in existence from the twin controversial before May 1977.

tribute only a relatively small available.
amount of about £200m a year
As a re to NHS funds. The Commission is also widely believed to favour the continuing phasing out of pay beds on a similar basis. This will cause the Govern-

ment a degree of embarrassment and support the argument which pay beds should go first of two of the major health ser-vice unions, the National Union of daily occupancy rates as an of Public Employees and the Confederation of Health Service Employees, which have by the Board for deciding which facilities. threatened industrial action if the Government halts the phasing out of pay beds.

Although the issue may provoke further friction between the Government and the unions in the Labour movement itself for purely political purposes the implementation of the Conservative Government's policies The debate over pay beds

has reflected both the political dogma of egalitarianism mic realities. The Health Services Act 1976—passed by the Labour Government in response The election of a Conservative to pressure and industrial action threatening industrial action waiting lists, and to monitor and

Under the Act the Secretary

It is expected to point out the Board as private beds in date for ending all pay that health service charges con-independent hospitals became provision clearly does

As a result of the Board's work the number of pay beds had been reduced to 2.818 by January this year and there are currently a further 49 beds in the pipeline for "closure." Faced the problem of deciding of daily occupancy rates as an indicator for demand.

The initial standard adopted pay beds should go first was 50

provision clearly does not embody this principle.

Mr. Patrick Jenkin. Social Services Secretary, argues that the process has now been taken far enough and while he says there is "no question" of putting all those pay beds already withdrawn back again, he is concerned that the present law does not allow for pay hed allocations to be made for new hospitals where there

might be a demand for private

throughout the service in 1968 -have risen steadily.

Pay bed charges are set by the Department of Health and Social Security to "reflect the total estimated cost of provid-ing in-patient services." This reflect the full estimated cost of the accommodation, including an allowance for capital depreciation, drugs, food and services provided by the nursing and ancillary staff.

In addition to this "hotel charge," the private patient must pay the surgeons' and

#### Mr. Jenkin is also aware of

The Government has announced plans to halt the phasing out of pay beds in the National Health vice and introduce new legislation in the autumn to encourage the use of private medicine while safeguarding the interests of non-paying patients. The main proposals, now the subject of consultations

THE GOVERNMENT PROPOSALS

unions should not try to thwart Abolition of the Health Services Board-originally set up to phase out pay beds. Local health authorities to determine a "ceiling" for the number of pay beds in NHS hospitals subject to the approval of the Health Secretary and the condition that private facilities should not prejudice services to other NHS patients.

Health authorities will oversee new independent hospital developments while a new approach based on consultation and joint planning between the NHS and the private sector will be sought covering the joint provision of services and sharing staff.

per cent, although the Board, in the apparent "higher efficiency" its first report published in achieved in pay beds compared October 1977, said occupancy with other NHS beds. rates of below 30 and 20 per cent were not uncommon in some

After increasing the occupancy standard to 60 per cent the Board, in its annual report for 1978, published in March, approach designed to phase out all pay beds-irrespective of occupancy rates—by mid-1982.

In so far as the initial low occupancy rates discovered by the Board when it began its work reflected a lack of demand, the "trimming" back of Between 1967 and 1977 the

average length of stay in a pay to about 6.5 days, while over the same period the average length of stay in other NHS beds, excluding psychiatric. geriatric and units for the younger disabled, has fallen from 11.9 days to 9.2 days. In 1977 an average of 26.S patients were treated in every pay bed while only 14.2 patients were treated in other NHS beds.

One previous explanation for the difference is that private

anaesthetists' fees between the consultant and the natient. There are no set scales for these fees but the Medical bed has fallen from 9.9 days strongly advises patients to formalisation of the existing agree them in advance.

The cost of staying in an NHS between £128 and £551 a week, depending on the type of hospihospitals and in the provincial teaching hospitals.

Charges in the growing independent hospital sector vary considerably, with some of the more fashionable London hospimand, the "trimming" back of patients, more aware of the cost tals charging rates above those fairly, the allocation from 4,444 to of their hospital bed, are more in NHS hospitals while the

more difficult because the independent hospitals operate a dif-ferent charging system based on what is actually used rather NHS. It was on this basis that than the NHS system of charg-

sing a fixed sum.
Since pay bed charges do reflect the full cost of providing private facilities in the NHS. the argument that they drain resources from the remainder of the service depends on the scarcity of resources.
This line of argument has

found its strongest expression in claims that pay beds facilitate queue jumping, a claim strongly denied by both consultants and the British Medical Association. It was in response to this suggestion that the Health Services Board last year published its proposals on common waiting lists for all patients in NHS hospitals, proposals which were later accepted by the Labour Government and which will now be the subject of extended consultations between the Government and the medical profes-

Because the consultants have always maintained that all patients are admitted to hospial on the basis of medical need alone—and patients are admitted to hospital on the advice of the consultants-the introduction of common waiting lists represents, in the view of the consultants, an unnecessary practice.

The basis on which the Govhospital pay bed now ranges ernment is to continue discussions on common waiting lists with the medical profession is tal. The highest charges are that private patients "should not three largest private medicare those in London's postgraduate be judged by different standards firms—British United Provident of priority from NHS patients nor given a higher standard of Plan, and the Western Provicare. " Not only must arrange- dent Association — grew by 6 ments for private patients in per cent last year to 1.12m NHS hospitals operate fairly but and premiums are expected to they must be seen to operate

**GENERAL** 

The other strand to the argu-

THE CASE against providing facilities for private patients of health service and private patients in the National Health Service to the National Health Service and private patients in the National Health Service to the National Health Service and private patients in the National Health Service to the National the fear that an expanding private sector outside the NHS draws resources—and particu-larly manpower—away from the manpower shortages and help maintain the existing standards. The ending of private facilifor the first time last month

ties within NHS hospitals could indeed lead to a wastage of fused to allow an application resources. For example, a conextend an independent sultant who wished to continue a part-time private practice would be forced to travel from posed extension to the Marie the NHS hospital to an indepen-Louise Private Hospital at dent hospital to care for a Sunginghill, Berkshire, was too private patient.

close to three NHS hospitals This would mean not only a period of "wasted time" but all of which have a nursing also that the consultant would A Board decision on an extenbe unavailable for emergencies sion to the Wellington Private in the NHS hospital should they arise during his absence.

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If private medicine is to have a viable future within the NHS, it will require the co-operation of the consultants themselves. It is against this background that the Government is now considering the consultants' deci-sion to reject their new contract which they claim is underpriced and does not allow sufficient time for private practice.

In the longer term, however, the success of pay beds in the NHS must also depend on other sections of the NHS workforce. In particular the Government is considering plans to funnel the revenue from pay beds back into individual NHS hospitals which provide private facilities. Such a move, which would be based on either improving the facilities for staff or patients or sharing out the revenue among all the staff, could provide the key to overcoming union opposition to

the pay bed system. While the demand for private facilities within NHS hospitals exists, private patients can continue to make a contribution to the funding of the NHS and by so doing help maintain the reach about £100m in the high standards of medical care which must ultimately be the

A greater degree of confidence primary goal.

vate sector outside the

hospital.

shortage.

the Health Services Board re-

It was argued that a pro-

Hospital in North London was

deferred this month following

a request from the Social Ser-

vices Secretary for the Board to ease up on its work. Clearly

the Government is now seeking

a more flexible and less centralised approach to the

problems caused by scarce re-

sources based on consultation

machinery involving both local

health authorities and the inde-

The problem of manpower

resources is one which must be

faced both within and outside

the NHS, a fact recognised by

the Government in its proposals

sector projects including staff

There is little doubt that the

recent rapid expansion of the

independent sector has been

fuelled by fears about the

future of private medicine in-

Total membership of the

Association, Private Patients'

joint NHS/independent

pendent sector

training.

side the NHS.

current year.

## A false

market From Mr. J. Courper.

Sir.—Is it reasonable that any institution, in this case the Government, should have the right to create a false market in a Petroleum shares would be cona fictitious market.

The Chancellor should not acquiesce in creating uncer-tainty. The Stock Market, that is the jobbers, have no easy task in making market in shares when all the facts are known. Why should they be put at risk, and all those who contribute as

The Chancellor should understand what is meant by a free and unhibited market.

J. D. L Cowper, The Stock Exchange, EC2.

## Real earnings conundrum

From Professor Gerald Lawson. Sir. - The Lex article, "The earnings conundrum" (June 25) adds to the present confusion in some British and American circles about the relationship between accounting profits and stock market per-Lex reports that, using the

ggregate data for 1,000 large quoted companies, Profes-Basil Moore, a visiting American, has concluded that there is no evidence that the total after-tax return to equity shareholders had been reduced by inflation, and investors appeared to suffer from a ariety of inflation illusions. Modigliani and Cohn have come the same conclusion about the returns to American share-

Whatever may be true of the U.S., the returns to shareholders of UK listed companies have suffered very substantial erosion since 1964. An analysis I have recently completed reveals the following real rates of return (net of all taxes) from UK listed companies.

Entity Debt Equity % p.a. 6.6 o p.a. o p.a. 6.2 3.1 (3.9)(0.9)(4.6) 1.9 1.4 (0.2)

(Figures in parentheses denote negative rates of return.) These figures also indicate that, far from gaining at the expense of lenders, shareholders actually subsidised lenders during the 1964-76 period of relatively high infla-

My analysis also shows that the sum of interest, taxes and his cost of money, increases his dividend payments has consistently exceeded corporate cash flow earnings throughout the import prices to increase compe-entire period 1954-76. The tition on his shrinking domestic resultant deficits have been market. Both holders of foreign financed by the banking sys and sterling currency are tem and other lenders. A marginally discouraged from substantial repayment of share- purchasing goods and services holders' capital (debt-equity here. In addition to those factors substitution) has thus taken the businessman is threatened place. In the circumstances it with increased industrial action

investors to value shares at any-Moreover, there is no evidence that debt-financed dividends can

prop up share prices. Professor Moore is probably correct in arguing that it is not the market but company manquoted security? I refer to the agements who have got it all market in British Petroleum wrong. But the UK evidence shares. To state we will sell the strongly suggests that the tax shares and not divulge an authorities and banks have also amount or the price is unjust on been fooled by published the shareholders and the mar-accounting data. Thus, effec-ket. Everyday deceased estates tive tax rates on equity cash are sold and at a price held down flow earnings were levered 29 Chancellor, the price of British while 63 per cent of dividend payments were financed by tween equity cash flows and the level of the stock market suggests that the market has consistently uncovered underlying cash flow situations and has not been fooled. There is virtually no association between historic cost profits and the level of the

There is also evidence of a severe decline in the quality of entity earnings since 1969 which been exacerbated by the destabilising incidence of corporate taxes.

Why is there a real earnings conundrum? Because of the failure to recognise that socalled "revaluation gains" cannot generally be enjoyed by the shareholders of a going concern. To include these "gains" in an income statement is a clear case of double counting. Such double counting stems from an elemen-tary confusion about the distinction between mutually exclusive concepts of value, namely, value in use and value in exchange. If an asset is enjoyed in use it cannot simultaneously yield the holding gains that are only obtained when it is sold. Hence, among other things, the (intended) real rates of return cited by Lex that are calculated by the Bank of England seriously overstate the true real rate of return on capital.

(Professor) G. H. Lawson. Manchester Business School. Booth Street West, Manchester.

## the nation

From Mr. A. MacGregor.

26) complains of those who are moaning after the Budget with realism akin to a business which blames the public for its failure. There is no "new disease." the Budget has been reviewed by those "wiser than our leaders" and found to be wanting. The only problem with this country is that our control system has not adapted to the modern world; those who blame the

people do not accept the prin-ciples of a free market. The average businessman is perhaps faced with a 10 per cent increase in disposable income to pay the projected 17 per cent personal inflation. Stronger sterling, apart from increasing prices in shrinking lower priced export markets, while it reduces

companies are not paying high protect jobs and to compensate because civil servants have a extremely uncertain, and their enough dividends to encourage for increased inflation; small more direct responsibility for coolant system gives cause for wonder he has little time to trunk roads than they have for considerable concern. We con-

Letters to the Editor

shout for joy. afford, that "gave" nothing to approach to these matters that American water cooled reactors. anyone, except the promise of are of vital importance. In this If we now proceed with the fast increased disposable income to connection it is interesting to breeder reactor we must surely solution to externally caused

mostly to the high income sector, arrangements wider than indiviregardless of national function, dual Whitehall departments however it gives the most incen- exist. tive to those who are self results, in cash, by time or as a lines needs to be established if fixed percentage of turnover. The our basic services are to be wealth production. The resulting shorter term losses of wealth will therefore almost certainly exceed the theoretical long-term gains, which are very theoretical

If the concepts of the free market and free enterprise produce better results, then why are they not more generally accepted voted for? One can not blame the people or their "stupidity," because the free market has to be judged by its From Dr. P. Musgrove own rule: "The most democratic individual, sovereign customer. hold the country back from the benefits of such market forces. The Budget and and not just the rank and file: those that disagree, also disagree with the fundamental principles they profess to believe in. which is understandable as they act in their own self interest. The Sir.—Mr. Baker White (June Budget does little to motivate 6) complains of those who are people to increase the wealth of the nation in their own self interests.

A. T. MacGregor. 6. Kildare Court Kildare Terrace, W.C.

### Infrastructure Strategy Board

From the President. The British Transport Officers' Guild

Sir. - "Men and Matters (June 28) reported that the Swedish Government had Swedish decided to scrap "a sixteen year-old policy of making the state railways pay for themselves." a decision which would no doubt give rise to much heated dis-

cussion in this country. Your reporter went on to from uranium by a factor of note, however, that "Britain is nearly 60, but we must recoglagging far behind its European nise now that this is the only neighbours — notably France route by which nuclear power and Germany in investing in can do more than provide a new railway rolling stock." How very hardly seems proper to argue, and inflation as wage earners much railway investment has Unfortunately, the economics of Gail Sinclair, as does Professor Moore, thatstrive to restore fermer parity, been depressed over the years fast breeder reactors are 139. Fentiman

those who increased their pro- note that the Institution of examine alternatives to the use duction of wealth-payment for Civil Engineers is preparing to of liquid sodium as the coolant. results from results. The major ask the Government to give long-term solution to control early consideration to setting up options, may I put in a plea domestic inflation is to minimise an "Infrastructure Strategy that we do not underestimate the transfers of wealth between Board." Long experience has led the role of renewable energy classes of people, this the Budget the ICE to the conviction that sources. The frequently made fails to do, and what it does this country's advisory and claim that they can make no Government interference, percentage points above the transfer is not in the best decision-making arrangements contribution until after 2000 is Without the intervention of the nominal tax rate during 1954-76 national direction. The only on infrastructure developments demonstrably incorrect. Presi--such as transport energy dent inflation is to increase national water and sewerage. land announced energy strategy productivity in terms of goods drainage, coastal protection and envisages that by the year 2000 services that we can heavy manufacturing industry- renewable energy sources will sell for less but more expensive are now "patently defective" pounds, to pay for the increased primarily because the project demanded by other lead times are longer than the life of a particular Government The Budget transfers wealth and no permanent advisory

> The Guild supports the view employed, paid by personal of the ICE. Something on these wealth that the Budget will cost revitalised in a logical, coin terms of internal inflation and ordinated way using some of lost productivity will not get our North Sea oil revenue in a invested in direct incentive for manner which will have lasting benefits to the community. M. H. Williams.

Room 307. West Side Offices. Kings Cross Station. N1.

## Renewable energy

Sir.-On June 27 you headof all methods: by the lowly. lined the expectation of Government approval for the 1,300 MW The present budget policy will Heysham B nuclear power not reverse our decline for the very simple reason that the country will continue to lose wealth faster than the cosmetic than are the provided that the cosmetic than are the provided that the cosmetic than are the cost was stated to be about the cost was stated changes can benefit from the £900m. an increase of 38 per market forces. The sad irony is cent that surely cannot be that it is the "beams in the blamed on the Organisation of eyes" of many of those who Petroleum Exporting Countries, align to the political Right who At either price the proposed new power station would seem a good buy by comparison with the 1,200 MW nuclear power station in Greene County, New York State, which was cancelled in the wake of the Three Mile Island incident, but would otherwise have cost an esti-mated \$3.1bn, i.e., about £1.4bn (Financial Times report of April 6).

Like many others I am bemused by the apparent variability in the cost of nuclear power, and I would be much more convinced of the economic case for it if detailed cost breakdowns were published. downs were published. Also, amidst the present euphoria for nuclear power, one should recall the warning, given in last year's
Energy Policy Green Paper
(Cmnd 7101) and reiterated on
a number of occasions by Sir
John Hill, that if we base an
expanded nuclear programme
on existing designs of thermal
reactors. reactors our reserves of uranium will last little longer reactors than our reserves of oil. must avoid jumping out of the fat and into the fire.

Of course the fast breeder reactor provides a means of increasing the energy output temporary

hout for joy. railways is open to conjecture, gratulated ourselves after the The courageous Budget, police but clearly the energy situation Three Mile Island incident, that and medics aside, would have is necessitating a fundamental British gas cooled reactors were been the one we could best reappraisal of the country's intrinsically safer than the When considering our energy

provide more than 20 per cent of America's energy needsmore than twice the expected contribution from nuclear power plants. And the level of funding for renewable energy R and D in the U.S. is now comparable with the level of funding for nuclear power R and D. Britain, unfortunately, has no

comparable renewable energy programme; our annual expendi ture on all the renewable energy options totals only about 5 per cent of our continuing expenditure on nuclear R and D. Offshore wind energy systems alone could provide 20 per cent

of our electricity needs by the year 2000, but total funding for wind energy work in Britain since 1973 (or since 1945, the figures are little different) barely exceeds £1m. If we are to take seriously the problem of meeting our energy needs beyond the next decade of North Sea oil-based self sufficiency, we really must pursue such renew able energy options with a great deal more vigour than we have shown so far.

Dr. Peter Musgrove. Department of Engineering, University of Reading. Whiteknights, Reading.

## Miles per gallon

From Miss G. Sinclair

Sir.—In reply to Miss Summers-Glass (June 28) would agree that mopeds and motor-cycles should be encouraged in the interests of fuel conservation but would dispute your correspondent's contention that such forms of transport "... use fuel much more efficiently than cars or taxi-

In equating consumption rates with efficiency I fear that the aspect of load is being overlooked. For instance, a diesel vehicle with four or five passengers and inguage, will move its load much more "efficiently than most motor-cycles. Simi larly, an economic four/five seater car will also be more "efficient" than all but the smallest engined two-wheeled vehicles.

very apparent that drivers who are financing their own motoring costs are much more conscious of overall fuel economy than those whose bills are footed by the Inland Revenue. Therefore, until their is a radical change in our tax paying for our own motoring, there is no incentive for a large percentage of British motorists to pay any heed to the fuel consumption of the car they purchase or the manner in which they drive it.

## Today's Events

U.K.: Sir Geofffrey Howe, Chancellor of the Exchequer. PARLIAMENTARY BUSINESS attends National Economic House of Commons: Finance Development Council meeting,

Urban Economics conference opens, Manchester University, (until July 6). National Union of Railwayconference continues,

Overseas: Lord Carrington, oreign Secretary, and Herr Hans Dietrich Genscher, W. German Foreign Minister,

Bill, committee stage. COMPANY RESULTS Final dividends: Caird (Dun-

John Waddington. COMPANY MEETINGS Argus Press, Stratton House, Piccadilly, W, 3. Barr and Wal-

Street, EC. 12.30. Fleming Property Unit Trust, The Great Eastern Hotel, Liverpool Street, EC, 12.30. Hunting Assoc. Inds., Avenfield House, 118-127 Park Lane, W. 12.30. London Trust, Connaught Rooms, Great Queen dee). Charter Consolidated. Col- Street. WC, 12. Nationwide more Investments. English Card Leisure, The Piccadilly Hotel. Clothing. Humphries Holdings. Piccadilly, W. 11.30. Newman In-Shaw Carpets. R. W. Toothill. dustries, Dragonara Hotel, Brisdustries, Dragonara Hotel, Bris-tol, 12. P. Panto, Cumberland Hotel, Eastbourne, 12. Provincial Laundries, East Arms, Henley Piccadilly, W, 3. Barr and Wallace Arnold Trust. The Hotel Berks., 12. J. Sainsbury, Con-Metropole, King Street, Leeds, naught Rooms, Great Queen St. 12. Cater Ryder, 1 King William WC, 12.

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## -payment rises 82.9%

18.088p net with a final payment of 12p. Earnings are shown as 57.29p (54.77p) per £1 share. Calor Gas Holding Company, the group's main UK subsidiary, improved taxable profits by 20 per cent to £12.97m on turnover of £167.55m, a rise of 10.5 per cent

The directors say the result is attributable to record gas and appliance sales during the severe winter period.

	6000	£OC
Turngver	187.720	168.9
Trading profit	17,466	15,8
Share of #350CS	10.812	10.1
investments inc	5.891	5.4
Interest payable	424	3
Profits before tax	33.745	31.1
Taxation	9,305	9.0
Net profit	24,440	22,1
Mingrity interests	381	
Exchange loss	257	te
	23.802	72
Attributable	7.515	3.
Drvidends		
Retained	16,287	8.
† Gain.		

The directors state that, for the first time, accounts are a consolidation of all the subsidiaries and associates' contributions; results for the previous year are restated

absorb £263.8m. This includes investment in associates accounts for £79.4m and investment in allied companies £71.9m. Net current assets are given as £60.5m.

Compared with these, the pre-viously reported figures, excluding the Belgian subsidiaries. showed capital employed at £203.8m; fixed assets included of

over for the year fell slightly to generally, sales and lettings of £2,354,000 and profits were £839,000 (£1.17m). This decline results from lower production the chairman says.
from the Hewett gas field; inThe directors say that the value creased interest charges due to of the property at February 24. the high level of exploration, and 1979, subject to adjustment for the commencement of expenditure relating to the development of the Maurcen oil field, the 1978 valuation.

mainly comprises Transport of freehold and long leasehold Coulier Group and excludes that of associate companies, rose by 16.5 per cent to £16,733,000.

March 31, 1979, against £31.14m.
Turnover rose from £168.9m to £187.7m.

And the dividend is increased by 82.9 per cent from 9.806p to 18.088p net with a final payment of 12p. Earnings are shown as 57.29p (54.77p) per £1 share.

Comment

Comment

Comment

Comment

Comment

The market accurately estimated diminished by unfavourable currency movements. The group has a heavy capital expenditure programme this year but as this figures did contain one or two light be funded by cash generated plus some borrowings share holders will not be tapped for the first state of the first share. which is in Belgium) and net new funds. The shares rose 12p asset backing per share rose to 505p yesterday to give a stated from £4.19 to £6.61. The UK p/e of 8.7 and a yield of 5.2 per subsidiary, Calor Gas, contributed a 25 per cent better result covered three times.

## Tesco plans £200m expansion project

years to 1981, Mr. Leslie Porter, the chairman, reveals in his annual report

house developments.

In the current year the group is stepping up its capital spending to a record £80m with the bulk of the money being spent is to bring capital employed to fitting existing stores, and about £338.7m, of which fixed assets absorb £263.8m. This includes

Guys business. Mr. Porter says these developments must be seen against the background of the policy of closing uneconomic units or adapting them for more profitable uses. A total of 113 units were closed dur-

ing the year.

Apart from benefiting by the planned move into bigger and £163.1m, and net current assets more viable units the group has Century Power and Light turn- perty market which has meant.

Turnover in Belgium, which the estimated total residual value properties is at least equal to current book value so that no additional depreciation has been The share of profits of asso- provided in the accounts.

ABOUT 1200m is to be spent by Tesco Stores (Holdings) on development projects in the three development projects in the three creased from £28.56m to £37.64m. Profit on a CCA basis cut to £32.1m after additional depreciannual report. tion of £4.1m, cost of sales. £8m Capital expenditure in 1978-79 less £6.5m monetary working

totalled some £72m, including capital and gearing £1.6m.

The balance sheet shows that while stocks rose from £121.08m to £136.6m, creditors and accrued expenses stood at £152.63m against £108.7m. To restore the margin of un-

issued share capital, the board is recommending that the authorised share capital be increased from £17.5m to £20m by creating 50m additional 5p shares. This will result in 65.2m shares (16.3 per cent of the inshare capital) being available for issue. Mr. Porter says that he

combined with every possible improvement in service and customer facilities. will stand prospered from a buoyant property market which has meant, years ahead. The retail scene generally, sales and lettings of surplus properties at well above the February 1978 valuations, the chairman says

Meeting, Connaught Rooms, WC, July 27 at noon. See Lex

#### EMBANKMENT TST.

Embankment Trust is to put proposals to holders of its 51 per cent debenture stock 1985-1990 for the repayment of the stock at £90 per £100 nominal. Accrued interest, less tax, will be paid to repayment date.

The improvement in the results was once again achieved by the group's UK activities and the directors say this trend continues, promising a good performance for the full year. In the last full year, the com-pany earned a record £10.69m pre-tax profit on a turnover of £93.8m.

Total tax for the first half was £1.21m. (£0.71m) and after minorities. available profits increased from £3.48m to £4.81m. Comparatives have been amended to reflect the group's change in accounting for deferred tax.

year's total was 6.3p.

Profits included interest and dividends amounting to £64,000 pective p/e is 8.8.

On the overseas side, exports were up and the European subsidiaries gained ground. The Australian and South African figures were hit by currency realignments but the biggest factor in the overseas division was the decision to make provisions totalling £500,000 for slow moving stock in the Gulf. The shares deferred tax.

Earnings per 25p share are stated up from 16p to 21.8p basic, and from 15p to 20.7p fully diluted. The net interim dividend is raised to 3.15p (2.75p), costing £638,000 (£598,000)—last vere total was 63n.

overall result, went ahead well while the hire shops doubled

profits to lift their contribution to around 10 per cent. The other

UK operations—the mechanical plant group and Youngmans also

reported improved performances.
On the overseas side, exports

## Sotheby's surges to £4.32m at midterm

TAXABLE earnings of Sothehy Parke Bernet Group jumped from £2.44m to £4.32m in the six months to end-February 1979. helieves that the Operation to £91.3m, after rising 38 per Checkout policy of low prices combined with over the operation to £71.75m at the four combined with over the combined with the combined Net auction sales of the fine art

But the group says the halfyear results are not necessarily indicative of the full year. Last year pre-tax earnings rose from £4.87m to £7.02m.

The directors say that while they are satisfied that net auction sales for this year will be ahead they expect the rate of earnings increase for the full year to be considerably lower than that of

The interim dividend is raised from 3p to 3.5p net per 25p share. Last year's total was 9p.

SPORTING AND FINANCIAL NEWS - BUSINESS, STATISTICAL AND

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TELEPHONE COMMUNICATIONS SYSTEMS

The Sotheby's share price rose 10p to 355p yesterday despite the group's warnings that first half earnings growth will not be

tax profits have increased about twice as fast as sales and revenue but, with high fixed costs to support, a slow summer would erode margins. The second half will not benefit from a sale on the Robert von Hirsch scale but the imposition of a buyer's pre-mium in the U.S., should provide some compensation.

The average value per lot has risen significantly over the past year and the contribution of overseas sales continues to improve-with the North American property business now operating much more profitably. The in-terim dividend is covered over five times, which leaves plenty of scope for a generous final payment. Assuming attributable earnings for the year of £4.2m, the prospective p/e of around nine may look modest but, like Christie's, the group is under the shadow of legal action by dealers over the buyer's pre-mium and no contingency for

## IC Gas ahead to £33.8m SGB tops £6m Henderson-Kenton up 45% at six months to £2m and optimistic

A SECOND-HALF rise from £28.1m to £32.3m lifted taxable profits of Imperial Continental Gas Association to a record £33.75m for the year ended March 31, 1979, against £31.14m. The market accurately estimated Turnover rose from £168.9m to £187.7m.

And the dividend is increased Turnover and the dividend in the Belgian subsidiaries had a cent to £55.94m, taxable profits and subsidiaries had a cent to £55.94m, taxable profits and subsidiaries had a cent to £55.94m, taxable profits and services construction of SGB Group, the construction of SGB Group, the construction of SGB Group, and the dividend in the Belgian subsidiaries had a cent to £55.94m, taxable profits and subsidiaries had a cent to £55.94m, taxable profits and a buoyant period in the second half compared with figure interest charges of £1.25m in the second half compared with figure interest charges of £1.25m in the second half contains and services construction of SGB Group, and the dividend and services construction of SGB Group, and the dividend and services construction of SGB Group, and the dividend and services construction of SGB Group, and the dividend and services construction of SGB Group, and the construction of SGB Group and services construction of SGB Group, and services construction of SGB Group and SCD and SC post a substantially better pro-fit at the half way mark. The scaffolding side, which contri-butes roughly 50 per cent of the

1979. Turnover was 17.5 per cent higher at £26.43m. At half-time, when profits were up from £252,000 to £607,000, the directors were confident that the full year results would show a satisfactory increase over 1977-78. Mr. David Hyman, the chairman, now says that sales in the first two months of the current

year were well up on last year, and the pre-VAT increase boom in-June provided the company with an exceptional rise in turnover.
The overall effect of the VAT

The overall effect of the VAT \$102,000. After the transfer to reincrease is expected to be negated by the October tax rebates, and \$258,000\$, attributable surplus the company looks forward to a sport from \$241,000 to see the company looks forward to a sport from \$241,000 to see the total dividend of \$20 lifts. At balance date, fixed assets together with last July's new preverse \$4.07m (\$23.89m) and net ference dividend, would provide a 104 per cent total increase over the previous year. Stated earnings reached \$5.14m compared with per 20p share are \$20.5p (13.1p) or \$4.98m.

21.4p applying the preference

## HIGHLIGHTS

British Steel has once again produced large losses and Lex looks at the annual report to see how a financial restructuring could take the corporation part of the way to its target of eliminating the deficit. Lex also comments on the Babcock and Wilcox move into the U.S. die casting industry and at a proposed deal whereby Anglo American could ultimately take a one-fifth stake in Bath and Portland. Finally Lex looks at the Tessa annual report which shows how the supermoved the a one-fifth stake in battl and Fortisma. That is the Tesce annual report which shows how the supermarket is still generating cash. Elsewhere, SGB has posted substantially better half-time profits despite the ravages of the winter weather. The market was on target with its estimates for IC Gas, but even so the figures contain a few surprises, and LMI has progressed despite dull trading conditions. Other companies that come in for comment are George Bassett Brengreen, Associated Fisheries and Henderson Kenton.

£102,000. After the transfer to re- £im or so might have been

the previous year. Stated earnings per 20p share are 20.5p (13.1p) or 21.4p applying the preference dividend relating only to the period from July 27, 1978 to March 31, 1979.

Following a transfer of £998,000 winter. In common with the (£881,000), the reserve for an realised profits which will mature in future years, now stands at £4.4m (£3.4m) equivalent to about 50p per share.

Bank and loan interest took for the factor of the sorted will be followed by a cooling off period but the £4r rebates are expected to give sales another fillip. At 110p, the p/e of 5 and yield of 4 per cent profits which will mature and labour unrest took their toll but the 14 stores north of the border were particularly hit. So mainly long-term considerations that 49 per cent rise in overall trading profits, or 45 per cent might expect some action on the factor of figures.

## Brengreen beats forecast with £0.31m: dividend raised

PROFITS before tax and loan £400,000. The big test, however, chances of breaking into street. stock interest of Brengreen (Holdings) amounted to £313,000 in the year ended March 31, 1979, exceeding by 11.4 per cent the profit forecast of not less than £280,000 made at the time of the reverse takeover. The directors of the group,

formerly Empress Services (Holdings), are recommending a final dividend of 0.15p making a total of 0.25p for the year. A final of at least 0.1p had been anticipated. Mr. David Evans, chairman,

says the increase in the final has been restricted to build up revenue reserves and he is con-fident that the Board will be able to pay an increased dividend

Turnover for the year was £11.65m. Profit is struck before pre-acquisition profits of £25,000. loan interest, £23,000 and tax of to £63.2m.

There are also extraordinary tems of £35,000. The chairman says rationalis-

ing the operations of the enlarged group is almost com-plete. It is intended to expand and develop through internal growth and acquisitions and two further acquisitions are expected to be completed soon.

### comment

So far so good at Brengreen (Holdings). Year on year comparisons are misleading but November's profit forecast has been comfortably exceeded. More importantly, the successful merger of industrial and commercial cleaning operations appears to have been accomplished ahead of schedule. Further consolidation is planned for the current year which the Board confidently expects to yield pre-tax profits of more than

Bath and Portland int. 1.6
Breugreen 0.15t
Henderson-Kenton 2
IC Gas 10

 Ropner
 2.01

 SGB
 int. 3.15

 Sotheby
 int. 3.5

Brengreen is aiming to pick up shares already command a high major customers. It is also rating the p/e is 17.6 and the talking about local authority historic yield a meagre 1.8 per work and clearly fancies its cent.

will really come in 1980-81. cleaning and refuse collection.
Contract cleaning may be a in the meantime group reserves,
highly fragmented sector but there is considerable scope for larger groups to expand and Empress tidied up. At 194p the

## Second half loss leaves Geo. Bassett £1.5m off

A SECOND-HALF loss of £175,000 there has not been enough time has left tanable profits of Geo. to make the necessary changes
Bassett Holdings well down at and confectionery profits £1.33m for the year ended March slumped by 58 per cent for the 31, 1979, against a previous year. Elsewhere, trading and £2.81m. Sales rose from £47.7m leisure profits jumped by two

At halfway, profits were just acquisitions but their cost more behind at £1.51m (£1.72m) but than doubled the interest charge, the directors were confident that In the current year, the conthe cumulative effect of group-restructuring and the increasing performance of recent acquisitions would begin to be evident towards the year-end.

Earnings are shown as 10.59p (18.56p) per 25p share and the dividend is stepped up to 6.54123p (5.73148p) net with a final of 4.9751p.

### comment

**DIVIDENDS ANNOUNCED** 

Dividends shown pence per share net except where otherwise stated. \*Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. ‡Final of 0.1p was forecast at time of reorganisation. § Including 1p special dividend.

George Basset's second half has not matched up to the com-pany's optimistic forecast at the halfway stage. Instead of an improvement, the company alipped into the red to the tune of £0.18m. To be fair, much of this was due to the unforeseeable effects of the bad weather and lorry driver's strike, but the company had hoped to improve over-seas profitability. Evidently,

Date Corre- Total of sponding for

1.45 5.81 1.5 2.91 2.51 3 1.07 2.75

0.25

3 18.09

2.45 9.81

thirds thanks mainly to the new In the current year, the com-pany will have to preoccupy it self with improving oversess margins. Among other moves. Bassett is changing its overseas invoicing policies and renegotiat ing some of its unexpired contracts. It is also raising its prices at the risk of losing volume. The shares fell 6p to 114p where the historic p/e is over 10 or around 25 fully taxed and the yield is 8.7 per cent. The shares look vulnerable.

## M & S dividend policy

Marks and Spencer will take into account "restrictions in the past" when deciding how to re-ward shareholders for the current year, Sir Marcus Sieff the challe

year, Sir Marcus Sieff the chain man said at yesterday's annual meeting.

Sir Marcus refused to be drawn on the likely level of finisyear's interim and reminded shareholders that last year's final was subject to the previous Government's controls.

THE NEW THROGMORTON TRUST LTD. Capital Loan Stock Yaluation-July 3rd, 1979 The Net Asset Value per £1 of Capital Loan Stock is 235.46p. Securities valued at middle market

## PROFIT UP 24% TO £2.56m

■ The Racing News Service enjoyed better trading conditions and the successful Extel/PA Show made profitable progress.

Fintel is now one of the most important providers of business

- information to the Prestel data base. The Burrup, Mathieson printing group increased both turnover and profits and further considerable investment is planned.
- Robophone profits more than doubled and new markets for telephone answering equipment are being developed.
- **Extel Statistical Services** had a steady year with services growing in size and importance.
- The profits of Extel Computing were about one third higher than the previous year.
- The acquisition of the Royd Advertising Group will make a considerable impact on the group profit. Extel Advertising & PR had a successful year.
- The Engineering Division expanded both turnover and profits.
- Transtel Communications continued its rapid growth.
- The group should maintain a satisfactory rate of profit growth in its chosen fields of communications and information.

	1979	1978	1977
	£000	£000	£000
Turnover	23,015	20,962	17,886
Profit before taxation	2,559	2,061	1,709
Profit after taxation	1,491	1,353	1,454
Dividends per share	6.0p	5.5p	4.8p
Earnings per share	16.8p	15.3p	16.4p
Comparative figures have been restated to	llowing changes in <b>ac</b>	counting policy.	

Copies of the Report and Accounts may be obtained from The Secretary. The Exchange Telegraph Company (Holdings) Limited Extel House, East Harding Street, London EC4P 4HB

# The British Steam Specialties Group Limited

Industrial pipeline and heating equipment: control instruments: and systems for liquids, powders and granules.

Highlight	s from the Annual Repor	rt -
	Years ended 31st March 1979 1978 5000's 5000's	1977
Turnover	36,905 - 31,144	27,235
Profit before taxation	2,890 2,271	1.77
Profit after taxation	2,270 1,450	1,405
Dividends	538. 482	431
Earnings per share	22.0p 14.1p	13.6p

Profit up 27.3%

Turnover up 18.5% Scrip Issue: one for five

Scrip Issue: one for five

"Amidst all the present uncertainties I still remain optimistic and cautiously confident"—Mrs. H. P. Waudby, Chairman.

For copies of the Report and Accounts apply to the Secretary.

The British Steam Specialties Group Limited, Fleet House, Lee Circle, Leicester LEE 300.

## % AF back to profit midway: S. African stake in fishing losses cut by £1.6m Bath and Portland

WITH losses having fishing operation, the ownership of the Caley ment. The company is capitalised it in the Fight of Fisheries are the parent to Associated at £7.6m on last night's share decision has been taken half-year to fish last full year the parent company's equity in the directors say the hell year the parent company's equity in the produced and improvement the parent company's equity in the parent company's exact plot has been taken throughout the group. Transport the parent company's equity in the parent company'

possibility of a medest distribu-tion pefore the leng of the calendar year. Inadequate access to economic

fishing grounds continues to present problems for British United Travelers And in the absence of a Common fisheries policy within the EEC, there is policy within the EEC, there is no acceptable atternative in the short-term but to reduce in the fleer and undertake more selective fishing voyages, at the cost of beging many vessels tied up and mourriby further redundancies, the directors say. Since September, 15 vessels have been sold bringing BUT's remaining UK fleet down to 65 ships. During the same period the freezer fleet spen 1, per cent fewer days at sea and substantial cost reductions were made.

Further economies are in hand, including admittonal vessel disposals. As a move towards repaired billify, it is proposed to ambigulation five freezer trawlets for mackered reserve fishing at an estimated rost of and 1550,000. The White Fish ems: Authority has been approached 19-p is for a grant towards this.

i a bit Near water fishing privipeets and is remain favourable and the direction tors envisage increased participations. tion in further parinerships through Caley Fisheries Group. While the management will con-

oversa energii pired 🕬 its profe turne. To where th

ed to be remode prema

with a 3.13p loss.

The directors say the pesults reflect an encouraging trend, indicate an encouraging irend. Associated Fighrets is no nearer, but the uncertain future of the a solution to its basic problem; fishing industry continues to it does not have access to econovershadow the profitability of unit fishing grounds because of the company's major fitwing the lack of a common fisheries subsidiaries. And it is too early policy. As a result, all AF can to make a reliable forecast for do is take defensive measures. At the moment about 40 ships the full year.

There is no interim dividend, are tald up out of a total fleet of but the Board will consider his 68. The company is howly required the end of the diving selective toyages, calendar year.

Also, it is planning to equip and convert five vessels to mackerel convert five vessels to mackerel fishing but clearly, all these

£38.25m against £31.34m, profits new shares in Bath and Portland before tax of Rexmore rose to at 75p per share compared with

that there will be an improve- of £750,000 of shares each year ment in turnover and profits for

the current year.
Earnings per 25p share are stated as 17.28p against 9.95p and the final dividend is 3.452p lifting the total from 4.25p to 4.847p. A one-for-10 scrip issue is also proposed and it is expected that the level of dividend payment will be at

least maintained for 1979-80.

There is a tax credit for the year of £48,785 (£50,651 charge) and extraordinary debits of £25,721 egainst £305,132.

Response is a Livermon based Rexmore is a Liverpool-based group with interests in measures are mere palliatives group with interests in The outlook continues black until upholstery, bedding, furnishing, such times as the politicians can trimming, dyeing, and finishing come up, with a disheries agree—and household textiles.

## Lincroft Kilgour £0.16m downturn in first half

THE large drivers strike, bad £347,229 (£462,589) was subject weather and continued strength to consolidation exchange losses, thigher at 185,970 compared with 131, 1979, taxable surplus was a country of the form 1424,246 to 1261,259.

Mr. Anthony Holland, chairman, says that while some chairman, says that while some profit of 1146,673 (1257,714).

of the lost ground caused by the strike and weather has now been recovered, the increasing strength of sterling is giving cause for concern and is making. tradibe more difficult, particularly in the export market.

. In these circumstances it is not realistic for me to make any £56,423 (£130,820). forecast as to the final outcome

Trailing profit for the first half manufacture.

Earnings per 10p share are down from 5.27p to 2.93p and the net interim dividend is 1.75p (1.5p) absorbing £83,859 (£71.879)—last year's final payment was 2.365p from profits of £875,000 (£1.04m).

The amount retained The group is involved in cloth

Bath and Portland Group yesterday unveiled interim figures which showed a two-thirds decline in taxable profits, and announced that Anglo-American Corporation is to take a 5 per cent stake with an option increase this to 21 per cent by

In return for the stake, LTA, a South African construction company 60 per cent-owned by Anglo American, will guarantee a E3m bunk loan facility for Bath and Portland. The deal still requires shareholders' approval. LTA will subscribe for 800,000

a market price of 50p-amounting to 5.02 per cent of the enlarged equity—and will be entitled to take up a minimum

Bath and Portland intends to apply the proceeds of the issue, mainly by way of the immediate loan facility, to its non-contracting activities. It says that its association with LTA is expected to provide "opportunities in selected territories," as well as possible joint ventures in major

Meanwhile, principally due to the cessation of work on its major road contract in Iran, pre-tax profits slumped from £2.05m to £623,000 for the six months to April 30, 1979, on reduced turnover of £36.5m against £37.41m. For the whole of 1979 the contract, its works and its plant have on a care and maintenance

No profit has ben taken in the half year in respect of the group's tran activities and Sir Kenneth Selby, the chairman, says this position will be reviewed at the year end. Pending this, the cost of interest and other charges that have been incurred in the period, during most of which, work has been shut down, have been placed against the provision which was set up for the purpose. These costs will themselves form part of claims eventually

be lodged againse the client. Sir Kenneth states. Officials from the Ministry of Roads and Transportation in Iran have asked the group to restart

informed it that overdue payments will be brought up to date and that the official indices, which operate the price escala-tion clause, will be issued Accordingly, the group has put

in hand a phased remobilisation

#### **BOARD MEETINGS**

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not

dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below ere based mainly on last year's unceable.

TODAY

Finals: Carld (Dundee), Charter Consolidated, Colmore Invisiments, English Card Clothing, Humphres Holdings, Landy Rubber Estated, Rembia Rubber, Shaw Corners, Lend W. Shaw Carpers John Weddington . FUTURE DATES

Alexanders Discount ... July 16
General Consolidated Inv. Tat. July 11
Tube Investments ...... Aug. 15
Finals—
Bulmer (H. P.) ... July 11
Grate Shapeners Hollus ... .. Hollis Bros. and E 5 A Moorgale Investment Thorn Electrical Wigiall (Henry)

of the supervision and workforce and some sections of the work have recommenced.

Half-yearly net earnings per

25p share decreased from 6.42p to 1.88p, while the interim dividend is kept at 1.6p net—last year's final was 2.014p on record £5.18m pre-tax profits.

A divisional breakdown of sales and profit (in £000's) shows:—minerals £7.001 (£6.043) and £666 (£655); building and civil engineering £15.090 (£18,664) and £96 loss (£1,155 profit; (£7,116) £7,610 (£326); agricultural (£7,116) and £134 (£326); engineering £5,558 (£4,502) and £228 (£223), and chemicals £1,236

(£1,087) and £22 (£63 loss).
The group's UK-based activities had to contend with had weather and the haulage strike during the period. Nevertheless. minerals showed a modest advance and agriculture would have shown better results had the late spring sales fallen into the first balf.

Engineering improved its turnover, but at lesser profit margins, while chemicals showed some improvement in its pusiest trad-

Building and civil engineering in the UK had a poor half year. although certain sections were more profitable than forecast. For the rest of the year, the ennect minerals and advances in engineering and some improve ment in agriculture. Building and civil engineering operations have a respectable work load and a better performance is anticipated through the summer and

See Lex

## Here's a cheque-book that saves you money

If you run a business in Central London no one needs to tell you how much it's costing you in rent and rates alone.

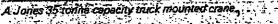
Find out how much less you could pay. Copies of the Richard Ellis Relocation Cheque-list are available on request.

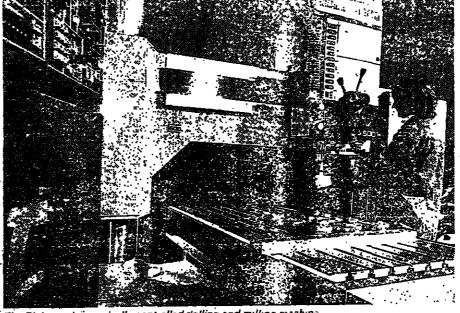
Richard Ellis, Chartered Surveyors,

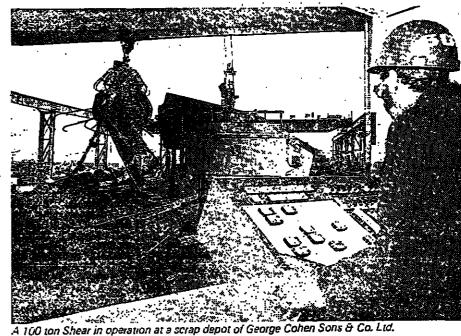
6-10 Bruton Street, London WIX 8DU. Telephone 01-408 0929. Telex 262498.

Richard Ellis









# Sir Jack Wellings reports best ever profits

The following are extracts from the Statement by Sir Jack Wellings C.B.E. Chairman, which has been circulated with the Report and Accounts for the year ended 31st March, 1979,

Despite the national road transport strike and the unprecedented weather conditions in January and February of this year, we were able to improve on the performance of last. year and produced our best ever profits. It is worthy of note that our overseas companies continued to improve their results and our exports remained at a high level.

Four Important Events On 19th March, 1979, we agreed to sell to the British Steel Corporation for £2.4 million our 100%. shareholding in Dunlop & Rankeh Limited, a UK Steel Stockholding Company. The profit shown on this salewas £2,058,000. We have also been able to release £3,219,000 from our provision for future -taxation and our Group bank overdrafts were reduced by the £9,853,000 overdraft of that

company. We have agreed with the Clausing Corporation of Kalamazoo Michigan, USA, to enter into a partnership to market the existing machine tool products imported

from the Group by Clausing together with Clausing's drill presses and optical comparators manufactured at Kalamazoo. The partnership trading from Elgin: Illinois, should have annual sales well in excess of £75 million. The Group will have a 40% share at a cost of approximately £11 million.

1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1		11 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1
Salient figures to		
	1979 £000's	1978 1900's
SALES	197,622	
UK EXPORTS INCLUDED	46,208	47,467
PROFIT BEFOREJAX	11,896	11,310
ORDINARY DIVIDENDS	2,117	1:852
RETAINED PROFIT	7,171	3.118
ORDINARY STOCK	regerije in die die Stronglike in de die	
UNIT/EARNINGS	12.6 pence	11.8 pence
NET ASSET VALUE	. 119.0 pence	103.1 pan
<u>مع دو تا تا تا دراً من من من براناً من من</u>	3 - 2 · · · · ·	

We have recently signed a research and development contract with the Department of Industry to establish a flexible manufacturing systems pilot cell to machine a wide family of

turned components. This £3 million contract is for a three year period and it will enable us to explore concepts of automated small batch production using the highest level of international technology.

In December, 1978, we sold one of our three office blocks at our 600 Wood Lane premises to the British Broadcasting Corporation for £1,485,000.

Iron & Steel Products and **Services Division** 

The results for the year were a considerable improvement on those of the previous year but still well below the level we expect to achieve and the profitability of past years. The improvement was mainly due to increased world wide demand for ferrous scrap and subsequently better margins.

The return on investment in the scrap industry achieved by major processors is still far too low to provide adequate funds for the steeply increasing replacement costs of the heavy duty plant involved. This problem will have to be resolved within the price structure of the industry if this essential ferrous furnace feed is to continue to be supplied.

Machine Tool Division

The profits of this division increased by over £1 million to reach above £8 million giving a very satisfactory return on our investment. Demand for our products remains high and we fully expect to achieve good results

and to maintain our progress in the current year.

#### **Engineering Products and Services Division**

The disappointing results from this division were due to the complete turn around in Jones Cranes from the high level of profit in the previous year. Strenuous sales efforts are being made both at home and overseas and with the recent introduction of two new models signs for the current year are more encouraging.

Personnel

Our personnel have as usual made considerable efforts to overcome all the many and varied problems that we encountered during the year. I thank them on your behalf as well as on my own for their continuing dedication to the success of the Group.

It is never easy to predict the outcome for any year at such an early stage. We are confident that we have the right products, competitive in world markets, but a great deal depends upon the resurgence of trade in the UK to give us a firmer home base. Whilst we will be making every effort to improve upon last year's results and have confidence that we will do so, a lot depends upon forces beyond our control and, particularly, upon any change in atmosphere that our recently elected Government is able to create.



A copy of the Report and Accounts for the year to 31st March, 1979 can be obtained from The Secretary, The 600 Group Limited, Wood Lane, London W12 7RL.







The 600 Group Limited

MACHINE TOOLS - ENGINEERING PRODUCTS - STEEL DISTRIBUTION - SCRAP PROCESSING

## **UK COMPANY NEWS**

## FREE STATE DEVELOPMENT AND INVESTMENT CORPORATION LIMITED

DIVIDEND NO. 14
A final dividend of 10 cents per share in the currency of the Republic of South Africa has been declared in respect of the year ended 30th June 1979. This dividend together with Dividend No. 13 of 5 cents per share declared in January 1979 makes the dividend declared out of profits for the year

makes the dividend declared out of profits for the year 15 cents (1978: 12 cents).

The dividend is payable to members registered in the books of the Company at the close of business on 27th July, 1979 and is declared subject to conditions which can be inspected at or obtained from the Company's Johannesburg Office or the Office of the London Secretaries (Barnato Brothers

Limited of 99, Bishopsgate, London EC2M 3XE).
Subject to the said conditions, payments by the London Secretaries will be made in United Kingdom currency at the rate of exchange quoted by the Company's bankers on 13th August, 1979; provided that in the event of the Company's bankers being unable to quote such a rate of exchange on that day, then the currency of the Republic of South Africa shall be converted at the rate of exchange quoted by the Company's bankers on the next succeeding day on which such

a rate is quoted.

Dividend warrants will be posted from either the Johannesburg Office or the Office of the London Secretaries, as appropriate, on or about 24th August, 1979. South African Non-Resident Shareholders' Tax at the

rate of 15% and United Kingdom Income Tax will be deducted from the dividend where applicable.

The Share Transfer Books and Register of Members will-

be closed from 28th July to 3rd August 1979, both days

Subject to final audit the abridged income statement of the Company for the year ended 30th June. 1979 and the abridged balance sheet at that date are as follows:—

aoridged balance sheet at that date a		S:—
INCOME STATEM!  Income from listed investments	Year ended 30.6.1979 R000 763	Year ended 30.6.1978 R000 557
Other income	63	
Less:	826	633
Administration expenses	<u> 63</u>	. 49
1	763	584
Add: Profit on realisation of invest- ments after reversing provisions for possible losses on future realisations of investments	91	308
Profit before taxation	854	892
Less: South African taxation		<u></u>
Profit after taxation	854 544	871 435
Interim dividend No. 13 of 5		145
cents per share (1978: 4 cents) Final dividend No. 14 of 10 cents	181	1 - 1
per share (1978; 8 cents)	363	290
Add:	•==	
Retained profit at 30th June 1978	3,111	2,675
Retained profit at 30th June 1979	3,421 .	3,111
BALANCE SHE	ET 30.6.1979	30.6.1978
	30.61373 R000	R000
NET ASSETS Listed investments — at cost less provision for possible losses on		
future realisations, Market value R12,947,000 (1978: R8,859,000) Unlisted investments and mineral	5,222	4,831
and participation rights	1	1
	5,223 3	4,832 5
Loan portion of taxation  Net Current Assets	10 ·	٤٩
	5,236	4,926
FINANCED BY:		
Issued share capital	1,815 3,421	1,815 3,111
Distributable reserves	<u>—————</u>	
	5,236 	4,926
JOHANNESBURG CONSOL	COMPANY	the Board. /ESTMENT /. LIMITED Secretaries

Secretaries per D. A. FREEMANTLE Head Office and Registered Office:

Consolidated Building, Corner Fox and Harrison Streets, Johannesburg, 2001.

P.O. Box 590,

3rd July 1979



### RECORD HALF-YEAR PROFIT OF OVER £6m

The unaudited Group profit before tax for the half-year amounted to £6.118,000 compared with £4,432,000 for the same period last year. Turnover was £55.9m compared with



The diretors have announced an interim dividend of 3 15p per share which will be paid in full on 20th September, 1979, to shareholders on the register on 24th August,

This compares with an interim dividend of 2.75p per share paid last year, and is just half of the total dividend paid for 1978. Any further increase will be considered when the full vear results are available.

The improvement in our results was again achieved mainly by our companies at home and this trend continues, promising a good performance for the full year. N.L. CLIFFORD-JONES, Chairman, 3rd July, 1979

Group Earnings	Half-year to March 1979	Hall-year to March 1978	Year to Sept. 1978
	\$,000	£.000	5.000
Turnover	55,936	42,831	93,805
Profit before taxation	6,118	4,432	10,692
Profit after taxation	4,908	3,720	9,926
Interim Dividend	698	598	1.372
Pence per share	3.15p	2.75p	6.3p
Earnings per share			
Basic	21.8p	16.0p	43.8p
Fully diluted	20.7p	15.0p	41.1p

SGB Group Limited Mitcham, Surrey CR4 4TQ.



## • NEWS ANALYSIS—BABCOCK/KEELER New U.S. drive

BY JOHN MOORE

THE 872m purchase of Keeler International Inc, the hub of the Corporation of the U.S. by North American operations.

Babcock and Wilcox, the Babcock began its expansion engineering group, marks into the U.S. market in earnest into the U.S. market share in the decorative furniture hardware market share in the decorative furniture hardware market into the U.S. market share in the decorative furniture hardware market into the U.S. market in earnest into the U.S. market into the U.S. market in earnest into the U.S. market into the U.S.

progressive diversification into product lines unrelated to the boilermaking industry, with which Babcock's name has been historically linked, and into new territories—particularly in the U.S.—has had a significant impact on its trading mix and

performance.
In 1974, turnover in North
America accounted for about 1.6
per cent of group turnover of
£248.2m, and the amount of investment was similarly small. According to the 1978 accounts. Babcock employs about 30 per cent of its total funds in North America, which generate about 21 per cent of the total group turnover of £777.7m, and nearly

The latest acquisition of Keeler Corporation will add £66m to North American turnover, an increase of two-fifths and yesterday's deal will add a second major leg to Babcock

another important step in the in 1975 when it acquired Ameri-Babcock's exploitation of the can Chain and Cable, a Connecti-J.S. market. cut-based company engaged in In the last 10 years the group's materials handling equipment, processed control recorders and abrasive cutters for industry, in

> per cent stake in Deutsche Babcock to the Iranian government.
>
> Babcock wanted to build up overseas activities, particularly outside the heavy boiler area of engineering activities, And it decided to major on the U.S. as the biggest single market for engineering products.

Growth came quickly from American Chain and Cable (now named ACCO). In its first full year of operation in 1976
American Chain and Cable contributed half of group profits. a third of the trading profit of

Its profits rose by 84 per cent while the UK side as sluggish. The Keeler deal is intended to balance the American Chain operations by adding a concern which has more involvement in the consumer market. coci Keeler has an over 60 per cent ber.

furniture hardware market (handles, castors, etc.). It is a non-unionised organisa-

tion. This appeals greatly to the Babcock management which has been attracted to the U.S. market

peen attracted to the U.S. market partly because it likes red-blooded capitalism. Keeler is also an important supplier to the U.S. motor indus-try of exterior and interior autoa deal worth £67.5m. This was purchased largely with the pro-ceeds from its sale of its 25.02 motive hardware and trim, produced from lightweight materials. This aspect of its business contributed \$87m of its \$146m turnover in the last financial year.

ancial year.

Keeler's taxable profits in its
last finncial year to January 27
were \$10.4m. Its last balance
sheet showed net tangible assets

Although it is one of the larest independent die casters of zinc products in the U.S.. Keeler has remained a private company. It is based mainly in the Grand Rapids of Michigan U.S. and em-

ployees 3,500.
Its continuing development of the U.S. market underlines the thinking behind the group's plans to change its name to Bab-cock International next Septem-

Mr. Pittaway also announced

a group reorganisation whereby

the present manufacturing activity would be transferred to

a new wholly owned subsidiary, Belgrave Engineering, and Bel-grave (Blackheath) would be

**Ropner** 

earns and

pays more

SECOND-HALF profits of £1.14m against £0.89m pushed the pre-tax total of Ropner Holdings

ahead from £2.37m to £2.85m for the year ended March 31, 1979.

Turnover of the shipowning, in-surance broking and engineer-ing group, was £3.25m higher at

When announcing midway sur-

plus up from £1.38m to £1.71m, the directors forecast that

equal those then reported. Al-

though the full year figure was expected to show a significant

## Shell UK first quarter loss not as bad as expected

BY SUE CAMERON, CHEMICALS CORRESPONDENT

It compares with a loss of (£0.5m).
over £6m in the final quarter of 1978 and covers the period of the road haulage strike. Shell Chemicals said its sales were 60 per cent down on the normal monthly average in January this year as a direct result of the haulage strike. But this was "largely compensated for by better than average sales in February and March."

Sales volume for the first quarter of 1979 was 8.5 per cent down on the fourth quarter of last year but was almost in line with the overall level of sales for the whole of 1978. Sales value for the first three months of 1979 was 7 per cent up on the previous quarter.

Shell Chemicals said this reflected an improvement in prices both at home and in export markets but added that the increase in sales value was "largely absorbed by the escalating costs of feedstocks and fuel and rising costs generally."

### **Yearlings** fall to $12\frac{1}{8}$

The coupon rate on this week's batch of local authority yearling bonds has dropped from 12½ per cent to 12½ per cent. Issued at par, they are due on July 9, 1980. The issues are: Western Isles Islands Council (£0.5m), Brack-nell District Council (£0.5m), Shepway District Council Shepway District Council (£0.5m). Wakefield Metropolitan District Council (£0.5m). City of Glasgow District Council (£1.5m), Greater London Council (£2.5m), Greater London Council (£2.5m), Borough of Bouncil (£2.5m) (£2.5m), Borough of Bourna-mouth (£0.5m), London Borough of Croydon (£1m), Stevenage District Council (£1.5m), City of

SHELL CHEMICALS UK made a eor Dosbarth Dwyfor (£0.25m), to four weeks, Mr. C. H. Pittanet loss of £2.8m in the first Wimbourne District Council way, chairman, told shareholders quarter of this year but (£0.25m), Halton Borough Counyesterday the company said this result was "significantly better than had been forecast."

It compares with a loss of (£0.5m) District Council (£0.5m) and Aberconwy District Council (£0.5m) Aberconwy District Council Mr. Pittaway also appointed

### Winterbottom Trust rises to £266,000

converted into a group holding company. A new board of direc-tors would be formed for Belgrave Engineering. PRE-TAX REVENUE of Winterhottom Trust rose from £218.627 to £266.296 in the half-year to May 31, 1979, after higher interest of £144.925, against

After tax of £90,692 (£87.830). earnings per 25p share are shown 37 per cent higher at 3.44p (2.51p)—the directors expect the scale of the full-year rise to be slightly less than this. Net asset value, after deducting prior charges at par, is given at 276p (270.2p).

(270.2p).
The net Interim dividend is stepped up from 2p to 2.3p—last year's total was 5.6p on taxable revenue of £473,894.

## Belgrave (Blackheath)

order inflow over the last three

Sees recovery

Belgrave (Blackheath) hoped to break even by the half year with the help of an improved 2.1306p to 3.1959p, with a 2.0063p

## A. Monk ends on target with advance to £3.5m

31.1.78

3,459,174

300.052 47,900

2.86p

ON TURNOVER ahead £6m at £72m taxable profits of A. Monk and Co., civil engineering and building contractors, advanced Bristol (£1.5m), Great Yarmouth from £3.73m to £3.48m, which Borough Council (£0.25m), Cyn- was in line with the forecast.

3.858.281

(55,310) (67,381)

1.0p

BELGRAVE (BLACKHEATH) LIMITED

Manufacturers and Machinists of Engine Valves and Electrically Upset Forgings for the automotive, agricultural, mining and machine tool industries.

Hot and cold forged-fasteners for all users.

Setback from Falling Markets

Proposed Re-organisation

Year ended

Extracts from the Statement by the Chairman Mr. C. H. Pittaway.

It is very disappointing for me to have to report a setback for Belgrave (Blackheath) Limited. There was optimism last year

that a recovery on a national scale especially for metal parts was established but after a few months good trading the market

Our problems have been added to by difficulties within the

motor industry which are well known to everyone. The outcome has resulted in a trading loss for Belgrave, mitigated by good

results from our subsidiary, G. & A. Finney Limited and other activities of Belgrave (Blackbeath) Limited.

activities of Belgrave (Blackheath) Limited.

The net loss before tax for the year ended 31st January 1979 was £55,000 (compared with a profit of £300,000 for the previous year). The Directors have considered these poor results, the general financial position of the Company and our prospects for recovery, and feel able to recommend a dividend of 1p per share (compared with 2.86p last year).

The Board has appointed Mark Pittaway to be a Director and he will be proposed for re-election at the Annual General Meeting. He has positive ideas which it is hoped will lead to recovery and his appointment brings youth to the Board.

You will remember that I initially informed you towards the end of 1977 that the Board of Directors were considering a

end of 1977 that the Board of Directors were considering a reorganisation within the Group. Your Board of Directors have decided to proceed with proposals for converting Belgrave (Blackheath) Limited into a holding company and transferring the manufacturing business of Belgrave (Blackheath) Limited to a

new wholly-owned subsidiary company, Belgrave Engineering Limited which has in fact been incorporated with an authorised and issued share capital of £100 on 22nd February 1979. To achieve these proposals, it will be necessary for the shareholders to approve an alteration to the Memorandum of Association of

If the reorganisation which is planned takes place, it will come into effect at the end of July 1979. Your Company would then have two wholly-owned trading subsidiaries namely, Belgrave Engineering Limited and G. & A. Finney Limited, together with a wholly-owned but non-trading subsidiary, The Globe Manufacturing

Company Limited, and your Company will retain the ownership of its valuable freehold factories and other premises shown in the attached balance sheet at £1,119,552. The intention of the Directors

will be to study ways in which the freehold properties of your Company can be made to provide the best return.

BELGRAVE WORKS . HALESOWEN . WEST MIDLANDS

Group Profit/(loss) before Taxation Profit/(loss) Transferred to Reserves

for our goods fell again.

vour Company.

#### taxable profits for the year were unlikely to significantly exceed 13m. The surplus then stood at £1.26m, compared with £967,000 which was struck after providing £1m against trading debt due from the Nigerian subsidiary.

The directors now say that work in hand in the UK is at a satisfactory level and normal profit margins are anticipated in the current year.

The year-end pre-tax profits were after exceptional items of £417,000, against £1.71m, which was provision against a trading debt with the Nigerian offshoot.

Tax takes £2.13m (£1.43m) and minorities £103,000 against £108,000. But an extraordinary debit of £3.39m this time leaves a loss of £2.53m which is covered by a transfer from reserves. Last year the retained figure was £799,000.

The extraordinary debit comprises provision against guaranprises provision against guarantee for the Nigerian subsidiary overdraft of £2.35m, consideration for and net deficit at acquisition of DMJ and associated companies written of £1.02m, and premium on redemption of 3.85 per cent redeemable cumulative preference shares of £16,000.

A final net dividend of 2.5085p per 25p share pegs the total at 3.5085p.

## LMI tops forecast with 7.75p payment

FTER MAKING record profits in the year to March 31, 1979 London and Midland Industrials is hoisting its dividend above the rights issue forecast to a net total

of 7.75p.

The year's taxable surplus rose from £1.91m to £1.13m on sales ahead from £18.5m to £20.4m. At the time of last year's rights issue and at midway the Board said it would be paying a final dividend of 4.1p to lift the total from 4.8077p to 6.75p.
In view of the profits, the

directors are now recommending a special, additional dividend of The group is looking for further growth this year, and its strong balance sheet gives it a sound basis for further expansion was the Board

sion, says the Board. After tax of £814,000 (£783,000) the net profit comes out at £1.32m, against £1.12m. An extraordinary credit this time of £2.06m (£3,000 debit) boosts the attributable surplus to £3.3878

(11.12m).
The credit follows the offer earlier this year for Caledonian Holdings. Eventually the Board decided that it was in the share.

decided that it was in the shareholders' best interests to accept
an offer of an immediate east,
settlement for the shares
originally acquired.

The directors add that with
large cash flow from these profits
and the rights issue, assets per
share have been greatly
increased.

Earnings per 25p share are up from an adjusted 15p to 15.3p.

#### comment

Against a background of dull trading conditions in the engineering sector, adverse weather conditions and the lorry driver's strike, LMI has turned in profits just over a tenth higher for the year. At the trading level, engineering profits slipped slightly, due mainly to a down-turn in activity in the fasteners business. This shortfall was more than offset by a near one-fifth jump in profits by the smaller consumer division, led mainly by the anti-corrosion products of Cadulac Chemicals, which are selling well in the motoring industry. However, the the non-trading item connected with the unsuccessful hid for caledonian. After selling the stake, there is a net profit of £2.3m, reduced to £2m after the closure costs of Ballard, which has been taken in below the line. This leaves LMI with roughly 13m cash in hand and enough teeth for a sizeable acquisition when the right opportunity comes up: At 118p, the shares sell on a p/o of 7.4 while the extra dividend payment lifts the yield to a solid 9.8 per cent.

## DREDGING

British Dredging Company, Cardiff-based Concern interests in construction, engineering and dry dock services, has delayed publication of its 1978 results. This is pending certain negotiations which would be relevant to the accounts for that year.

## **Abel Morrall**

ANNUAL GENERAL MEETING STATEMENT

Mr. S. V. Weber, Chairman of ABEL MORRALL LIMITED, told shareholders at the Annual General Meeting on 28th June, that:-

"In spite of the fire in January which gave its a: disastrous start to the current year, knitting pin output is getting close to the rate of production of this time last year, with the rate of sales not far behind it would be unreasonable to attempt to forecast results for 1979, but we are determined to emerge from the serious set-back a stronger and

more effective organisation.
Contracts have been approved and placed for the erection of replacement buildings, the warehouse and office blocks on the Clive Works site, and a factory building approximately one mile away. with room for considerable expansion."

The proposal to change the name of the company to AERO NEEDLES GROUP LIMITED was approved.



Manufacturers of "Aero" knitting pins, "Aero" naberdashery. Hand sewing needles. Handicraft and allied products

CLIVE WORKS · REDDITCH

BETT BROTHERS LIMITED Building and Civil Engineering Contractors

INTERIM ST	TEMENT	
HALF YEAR ENDED 28	th FEBRU. 1979	ARY 1979 1978
Group Turnover	9,406,911	10,303.328
Unaudited Profit before Taxation Corporation Tax at 52%	868,149 451,437	1,070,099 536,451
Group Profit after Tax	416,712	513,648
Interim Dividend declared Less Waived	150,000 24,025	115,050 23,148

Indard

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direct

The Directors have declared an Interim Dividend of 1.0000p per share (1978—0.7670p) on account of the year ending 31st August 1979 payable on 20th August 1979 to members on the Register as at 27th July 1979.

125,975 91,902

The results for the half-year reflect the effect of the severe and pro-longed winter on construction activities.

Future Prospects Current es rates indicate that for the year to 31st August 1979 turnover and pre-tax profit thereon should be in the region of £20,000,000 and £2,200,000

PO Box No. 1, 9 Cox Street, Dundee DD1 9AB.

Cost of Dividend

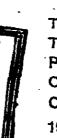
### Record Pre-Tax Profits 53% better than previous year.

	1978	1977
TURNOVER	59,356,000	47,589,000
DIVISIONAL PROFITS	<del></del>	<del></del>
Leisure & Holidays Division	1,307,533	834,019
Motor Distribution Division	959,843	582,812
Computer Bureau Division	335,218	304,585
	2.602.594	1,721,416
Deduct Parent Company Interest and Expenses Less	1 12	7.7.7.7.7.
other income	154,200	126,134
PROFIT BEFORE TAX	2,448,394	1,595,282
Earnings for Ordinary and 'A' Ordinary Shareholders	1,609,252	1,135,930
Earnings per Ordinary and 'A' Ordinary Share of 25p	27.20p	19.20p
Final Dividend per Ordinary and 'A' Ordinary Share of 25p	2.83333p	2.4777p
Total Dividend per Ordinary and 'A' Ordinary Share of 25p	3,5p	2,4777p
Dividend Cover	7.77	7.75
Net tangible assets of Ordinary and 'A' Ordinary share of		
25p	128.9p	105,2p
Profit before tax as % on Capital employed	39.3%	38.6%

Copies of the Report and Accounts may be obtained from:

The Secretary, Barr & Wallace Amold Trust Ltd., 21 The Calls, Leeds LS2 TER.

## Newman Industries Limited INTERNATIONAL ENGINEERING MARKETING



	1978
	£'000
Turnover	70,800 45.13
Trading profit	10,566 6.14
Pre-tax profit	6,220 4.0
Overseas sales	41,034 25.57
Ordinary Dividend	24% 20%

1978 was indeed a vintage year and the results represent exceptional achievements both in trading and corporate growth. Alan Bartlett, Chairman,

Copies of the report and accounts can be obtained from the Company Secretary, Newman tridustries Limited, Clifton Heights, Triangle West, Bristol BSB 1EJ.

## Itstock Johnsen buys Glen-Gery for £9.6m

Therook Johnson, the specialist bricks mainly for the North brick producer, is no make its Eastern States. Last year on second U.S. acquisition within a turnover of \$33m it made pre-

second U.S. acquisition within a turnover of \$33m it made prerear and plans to sak share tax profits of \$41m compared
holders to find helf the \$21m with \$945,000 the previous year
ind a negligible profit the year
fig. Bun) purchase price, and a negligible profit the year
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for the deal is to be chalman, explained that Glen-Gery the group would be
formally in the for the deal is to be chalman, explained that Glen-Gery the group would be
for the deal is to be chalman, explained that Glen-Gery the group would be
formally in the formal about 5 per tent of the
plans are finalized for a form or fights issue in a comple of dominance in the North East.

(in Pannsylvania, for example,
Glen Gery, which was taken the enlarged group would supply
over by the controlling share 70 per cent of all bricks). Their
first half could not, however,
maker, produces high quality complementary he said.

## Costain pays £2m for U.S. group market value of listed investigation of the market value of listed investigati

per cent

taken to reduce overheads. He expected the operation to be pro-

fitable within a year and to show an annual growth of at least 20

Eagle International has 15 offices in the UK and two in

Holland. It offers conventional cargo consolidation services as

vell as running its own trucks.

Mr. Bamberg is best known for his former company Eagle Aviation, which was responsible for air-lifting troops before that

function was taken over by the

He said yesterday that Eagle

International would be specialis-

ing in air freight services for the aerospace industry.

ubsidiary Ascott Precision Tool

Co. (Hainault) has sold its lease

hold property, stocks and the majority of its other fixed assets

for a total of £250,000 cash, which showed a substantial surplus over

(Home Improvements) and is

planning a national network of "Planet" home improvement

ASSOCIATE DEALS

On June 29, J. Henry Schroder Wagg, and Co. purchased 5,000 Woiseley Highes ordinary at 240p

on behalf of associates and on July 2 purchased a further 5,000

ordinary at 240p on behalf of

ASSOC. TOOLING Associated Tooling Industries

Royal Air Force.

U.S. was depressed at present.

Costain, the international con-wood, Essex, from Eastern Elec-struction group which recently tricity for ELIM: announced acquisition plans, has Eastern Electricity will con-now bought Trend Construction time to occupy some 25 per cent Corporation of Oklahoma, U.S., of the property upon short-term for \$4.5m (£2m). for \$4.5m (£2m).

For the past 20 years Trend has specialised in designing and BAMBERG TO installing compressor stations on COMPLEMENT gas pipelines and gas processing RANKIN KUEEN

In the year ended March 31. Rankin Kulm Freight, the 1979, its burnover was \$23m and freight forwarding company sold pre-tax profits \$21,03m. Costain recently by British Petrolsum to has agreed in make further pay the Eamber group, is to be ments for the company linked to renamed. Eagle. International profit trends over the next five Freight.

MARTIN THE NEWSAGENE.

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RANKIN KUHN Rankin Rulm Freight, the

years.————— Mr. Harold Bamberg, chairman Exchaining Trendt Costain's of a group which has interests U.S. business has been negligible in air transport and insurance, turnover from Canada (by far said that Bamberg was also on the larger contributor) and the the look out for a shipping or U.S. combined has been stable at forwarding company to complearound 4 per cent of group turn, ment the Rankin Kuhn acquisiover for the past five years.

He would not disclose the size of the cash payment for Rankin, which has turnover of £14m a NEW SAGENE.

Martin The Newsagest has Bamberg group last year of £25m.

agreed to purchase the freshold Rankin has made losses in premises at Milifield near Brent recent years, but Mr. Bamberg

## Standard Telephones buys Daly

Standard Telephones and Cables allocate products between Wey(STC), which recently offered mouth and Wretham ITTs
for sale 15m of its ordinary other electrolytic plant—to planning a national network of shares has bought Daly (Condensers) and its subsidiary Daly development and manufacturing (Processes). the Weymouth resources.

The first of these opened yesterday at Uxbridge

ASSOCIATE DEALS

capacitor and formed aluminium PERCY LANE
foil manufacturers Percy Lane Group, the interThe perchase price was anglonal manufacturer of glazed
1650,000 cashe price was aluminium wholes for the transITT components group (part port caravan and building and
of STC) will expand activities construction industries is exat the Weymouth plant where panding into the domestic rean \$400 square feet factory ex placement window market
tension is being built, and will. The group has formed a new

## Silhouette suspended after approach

formal offer.

The A bridinary shares were suspended at 5.00 properties of the ordinary shares (which only director, has disposed of the ordinary shares (which only director, has disposed of the strict of the fight to one vote offers on March 21, 1979, at 1979 if 1979 117.518 12 per concordinary shares were suspended worthing a ways of preference redeemable shares single on March 29, 1979, at 170 per cent of the votes and family appear to control. Sopteros—Solsgirth Investment about 20 per cent of the votes wholders of A shares account of the votes ordinary shares and for roughly a further 27 per cent of the votes shares (nil paid). Sopteros—Solsgirth Investment or roughly a further 27 per cent of the votes shares (nil paid). Sopteros—Solsgirth Investment or roughly a further 27 per cent of the votes. Sime Darby Holdings: A Halma: Morgan Grenfell of the votes. Simoutte of Mr. Wee Cho Special Exempt Fund now holds Its April Silhouette reported Yaw, director, is deemed to be 517,000 ordinary (5.01 per cent).

Takeoven talks are taking blace taxable profits for 1978 ahead interested, has acquired 100,000 at Silhonette (London), the from 5300,617 to 5356,623, thanks shares bringing its total holding foundation garments and swam to a lower second half deficit. to 740,000 shares.

wear group.

Seles for the first quarter of S. Pearson and Son: Between The company yesterday asked the current year were similar April 20, 1979 and May 23, 1979 for a suspension of its shares, to 1973 but the directors said Cowdray Trust in various explaining that an approach had the pattern of trade had been dealings, disposed of 36,250 been made which may lead to a badly affected by the weather.

Ordinary.

## Rising income for 'Freddies'

Endeavour has a 20 per cent interest in the consortium, with Newment Proprietary, the opera-

tor, holding 35 per cent, ICI Australia 35 per cent and MRA 10 per cent. Both Endeavour and

MRA are on carried free interest until the other companies have spent A\$500,000 (£255,700).

Mount Lyell's

higher output

THE Consolidated Gold Fleids

group's marginal copper opera-tion in Tasmania, Mount Lyell, reports increased production for the year to June 27. Thanks to

a better-but still modest-ore grade of 1.335 per cent copper,

the underground operation has turned out 77,039 tonnes of copper concentrates compared with 70,668 tonnes in the same

The content of realisable metals in the concentrates is: copper 19,405 tonnes (17,840 tonnes a year ago), gold 436,713

grammes (379,728 grammes) and silver 2.6m ounces (2.37m ounces). Considerable higher prices will have been obtained

Earlier this year the company

financial year, thanks to

anticipated a return to profit-ability in the second half of its

production increases and better

It warned, however, that for

some time to come cash surpluses

would be required to repay the A\$3.37m (£1.72m) subsidies

received from the Australian federal and Tasmanian govern-

period of 1977-78.

for all metals.

expenditure.

AFTER A rather disappointing to be moved to the Australian performance at the half way prospect.
stage, earnings of Free State Endeave
Development and Investment interest in (Freddies) for the full year to June 30-before profit on realisation of investments come out at a more encouraging R763,000 (£411,900) compared R584,000 in 1977-78. with

This modest-sized African mining finance house in the Johannesburg Consolidated group is paying an increased final dividend of 10 cents (5.4p). It makes a total for the year of 15 cents against 12 cents for the previous 12 months.

On the latest occasion, however, the profit on realisation of investments amounts to only R91,000 compared with an above normal R308,000 in 1977-78. Latest net profits come out at R854,000 against R871,000. The

comment

The sharp fall in share realisation profits during the past financial year stems from the pruning operation that was carried out on the investment port-folio in 1977-78. This not only up a larger than usual profit on realisations in that year but also resulted in less scope for portfolio changes in the latest 12 months.

The portfolio, largely in South African gold shares, now contains a larger element of divi-dend growth stocks such as Unisel. Free State Saniplaas and East Driefontein, This, coupled with the continuing rise in gold dividends, is reflected in "Freddies" higher income from

investments in the past year to R763,000 from R557,000. Investment income should further increase this year, bearing in mind the time lag between higher gold prices, dividends from the producers and the re-ceipt of the payments by "Freddies." Now yielding 6.7 per cent at 120p the shares, however, look to be fully priced in cumpremium terms.

#### ORKNEY 'NO' TO URANIUM MINING

A five-strong delegation from Orkney is going to Westminster next week to obtain the support of MPs in the island's campaign against uranium mining, reports our correspondent from Kirk-

They will meet Mr. Norman Lamont from the Ministry of Energy and the delegation will also lobby influential MPs. The "no uranium" campaign has been organised by the Orkney Heritage Society which is supported by the Island's Council.

The Council has refused an

application to cary out test bores in Orkney with a view to pos-sible granium mining. A decision on prospecting for uranium in Orkney is still awaited from the Secretary of State for Scotland, following the recent official

MINING BRIEFS

GOLD AND BASE METALS OF NIGERIA—Concenurate output in May was 25 tonnes of tin, bringing production in the first five months of the year to 127 tonnes of the and 1 tonne of columbine, the same totals as in the comparable period of 1978.

PETALING TIN—Tin concentrate output in June was 175.66 tonnes.

### **NSW TIN HOPE**

Several zones of tin mineralisation stretching over more than 900 metres have been located by the Endeavour Resources joint olders of A. shares account shares (nil paid).

2,659,375 ordinary.

Emmaville, in New South Wales.

So far, 40 percussion holes totaling spril. Silhouette reported Yaw, director, is deemed to be 517,000 ordinary (5.01 per cent).

### APPOINTMENTS

## New director for Building Research

ing Research Station to the en- Mr. J. F. Staal has been larged Building Research Estab appointed to the Board as sales, his managing director of Relishment now comprising the director of RESTOBELL liance Bosicry (Halifax), has Building Research Station, the MOBREY a subsidiary of joined the Board of RELIANCE Fire Research Laboratory and the Bestobell He has been with the KNITWEAR GROUP, the parent Princes Risborough Laboratory. group for eight years.

Pearson Longman, where he was on medical advice: Mr. P. G. deputy chairman, and from the Aylon, managing director, will Beard of S. Peaison and Son become chairman until a new

Mr. R. R. G. Gardner and Mr. A. W. Passmore have been elec-

Dr. Ivan Dunsian has been been appointed chairman of this month to develop a new appointed director of the EULLD. REDIFON and has also been subsidiary. Plessey Digital and group in 1972 and is a deputy Network Systems, of which he made chairman of Broadcast. Network Systems, of which he will be retired to the En. Relay Service (Overseas). In will become chief executive.

In Department of the En. Relay Service (Overseas). In will become chief executive.

In Dunsian, who is 48, has appointments with the loined the Board of GUTHRIE are member of the HORSERAGE of the Ministry of assurance in the Procurement July. Mr. W. S. Robertson, retired as High Commissioner for Executive of the Ministry of Dick, has been director of the spointed chairman of that Warren Spring Laboratory. Mr. company. He has also joined Building Research Establishment and been deputy chairman, of Redifon Since 1969 and was responsible for the East of the Board, and been elected ing Research Station to the en.

\*\*Hr. David Tittle is to become the warrent of Saga HollDays. The transition from the Building Research Station to the en.

\*\*Hr. David Tittle is to become the warrent of Computers.\*\*

\*\*Hr. David Winch has been appointed to the main board of the main

appointment can be made.

from tomorrow. Mr. Ken Mul-Hus, managing director of Re-TARMAC. He hance Hosiery (Halifax), has of the building joined the Board of RELIANCE of the group. concern. .

Mr. Roger Brooke, who was Mr. M. C. Bollon, recently Mr. Robin de Beaumont has appointed group managing direct appointed chairman of B. been appointed a director of tor of EMI in April this year. FERTLEMAN AND SONS, is STANLEY GIBBONS ANTI-has resigned from the Board of mashle to take up that position QUARIAN BOOKS

Mr. W. Roy Pickering has been appointed managing director of GARDNER-DENVER HOLDINGS A. W. Passmore have been elected Miss Rosemary Farquhar, ing director of its subsidiaries, ted to the Court of Directors of former press officer for Birming Padley and Venables and Bed-UNIVERSITY LIFE ASSUR ham Chamber of Industry and ford Steels. He was previously (UK) and chairman and manag-

ted to the Court of Directors of former press officer for Birming Interest of Life Assurance is managing director of Smith St. Dark Morris Express which is distributed monthly throughout the Society and in executive director of the parent company, company.

Lord Grey of Naunton has the appointed Common been appointed chairman of the national Economic Development National Economic Development of Special St. PLESSEY Commonwealth Dorse.

Lord Grey of Naunton has the appointed chairman of the National Economic Development of Special St. PLESSEY Contings and Succession to the late St. Erie September as director of the Protective Coatings and Special St. Frank Delaney.

Mit. R. M. Benny, who will take up responsibilities later appointed to the board of nanging director of the protective of Interest of Interest of Austral Common St. Mit. I as the publications editor for Austria and ford Steels. He was previously managing director of Hopkinsons.

Mat. Jean Count of Smith St. Mit. Jean Counting and Jeactor of Hopkinsons.

Morris Express officer for Birming for Steels. He was previously managing director of Hopkinsons.

Mr. G. A. Upfill-Brown has been appointed managing director of Gascolgene SA has been appointed managing director of Gascolgene SA has been appointed chairman of the Common of Particle Scholar Scholar (Far East) in the Chamber of Matthews And Goodman SA Mr. Jean Thews And Goodman SA Mr. Jean Thews And Goodman SA Mr. Jean Thews And Goodman SA Mr. Jean Paint Thews And Goodman Mr. Jean Paint Thews And Goodman SA M

Mr. David Winch has been appointed to the main board of TARMAC. He is chief executive of the building products division

Mr. Alex R. Houseman has been appointed a director of BRITISH RAIL ENGINEERING. Mr. Houseman is deputy chairman of P-E International, chairman of W. Canning, and 2 director of Record Ridgway.

Mr. Robin Ward, a partner in

Resource Evaluation France. SARL is the new president of the BRITISH CHAMBER OF COMMERCE FRANCE. The new

## **Sotheby's**

Sotheby Parke Bernet Group Limited Summary of unaudited consolidated results for

the six months ended 28th February, 1979 The directors of Sotheby Parke Bernet Group Limited announce that the unaudited consolidated results for the six months ended 28th February 1979 are as set out below

(together with corresponding figures for the same period of the previous year).

	1979 . <u>6</u> '000	1978 £ '908
Net Auction Sales Gross Revenue Earnings before taxation Less: U.K. Corporation Tax Overseas Taxation	91,318 18,8 <b>63</b>	66,283 13,642
	4,319	2,439
U.K. Corporation Tax	698 1,514	290 903
Earnings after Taxation	2,212 £ 2,107	1,193 £ 1,246

JPY, islisis

The directors have declared an interim dividend in respect of the year ending 31st August, 1979 of 3.5p (1978 3p) per share which, when added to the tax credit imputed in the United Kingdom (on the assumption of a basic rate of income tax of 30 per cent.), produces a gross equivalent of 5p per share. Based on an issued Ordinary Share capital of 10,900,000 shares of 25p each this will cost £381,500. This interim dividend will be paid on 31st August, 1979 to shareholders on the register on 31st July, 1979.

Current Season

As stated previously, the results for any period of less than a full year are not necessarily indicative of those for a full year, either in total or as regards the contribution of any one location to the overall results of the Group.

Whilst the directors are satisfied that net auction sales for this year will be higher than the

£161,097,000 achieved last year, they expect that the rate of increase in earnings for the full year will be considerably lower than the rate of increase achieved for the first six months. They draw particular attention to the fact that the second half of the 1977/78 financial year included the sale of the collection of the late Baron Robert von Hirsch which realised £18,457,000, by far the largest figure for a collection ever sold at auction. Buyer's Premium

Certain dealers, representing the trade associations the British Antique Dealers' Association and the Society of London Art Dealers, have brought proceedings against Sotheby Parke Bernet & Co. and Christie Manson & Woods Limited alleging that the buyer's premium was introduced as the result of an arrangement between the two auction houses and claiming that, in consequence, the charging of the premium is illegal. The directors have taken legal advice and are satisfied that there is no merit in the dealers' allegations.

The dealers applied to the Court for an interim Injunction to prevent the charging of the mium, pending the full hearing of the case. After Sorheby's and Christie's had delivered their affidavit evidence the dealers withdrew the application. On the initiative of the auctioneers, the Court has ordered that the hearing should take place as soon as possible but a date has not yet

Sotheby Parke Bernet Group Limited, 34-35 New Bond Street, London W1A 2AA

All of these Securities have been sold. This announcement appears as a matter of record only.

\$100,000,000

## Kennecott International N.V.

9½% Guaranteed Notes Due 1986

Payment of principal, premium, if any, and interest unconditionally guaranteed by

## Kennecott Copper Corporation

MORGAN STANLEY INTERNATIONAL

CREDIT SUISSE FIRST BOSTON BANKERS TRUST INTERNATIONAL CITICORP INTERNATIONAL GROUP MITSUBISHI BANK (EUROPE) S.A. SOCIETE GENERALE DE BANQUE S.A.

AMSTERDAM-ROTTERDAM BANK N.V. **BANQUE NATIONALE DE PARIS** DEUTSCHE BANK SKANDINAVISKA ENSKILDA BANKEN SWISS BANK CORPORATION (OVERSEAS)

BANCO DI ROMA

BANK MEES & HOPE NV

BANQUE EUROPEENNE DE TORYO

DEUTSCHE GIROZENTRALE -DEUTSCHE KOMMUNALBANK---

DRESDNER BANK

GREENSHIELDS

EUROMOBILIARE S.p.A.

ROBERT FLEMING & CO.

BANQUE GENERALE DU LUXEMBOURG S.A.

BANQUE INTERNATIONALE A LUXEMBOURG S.A.

BANQUE POPULAIRE SUISSE S.A. LUXEMBOURG

UNION BANK OF SWITZERLAND (SECURITIES) AMERICAN EXPRESS BANK ALGEMENE BANK NEDERLAND N.J. ABU DHABI INVESTMENT COMPANY ARNHOLD AND S. BLEICHROEDER, INC. A.E. AMES & CO. ANDRESENS BANK A.S. B.S.J. UNDERWRITERS BACHE HALSEY STUART SHIELDS BANCA COMMERCIALE ITALIANA

BANCA DEL GOTTARDO BANCA NAZIONALE DEL LAVORO BANK OF AMERICA INTERNATIONAL BANK JULIUS BAER INTERNATIONAL THE BANK OF TOKYO (HOLLAND) N.V. BANQUE ARABE ET INTERNATIONALE D'INVESTISSEMENT (B.A.I.)

BANQUE BRUXELLES LAMBERT S.A. BANQUE FRANCAISE DU COMMERCE EXTERIEUR BANQUE DE L'INDOCHINE ET DE SUEZ

BANQUE DE NEUFLIZE, SCHLUMBERGER, MALLET BAYERISCHE HYPOTHEKEN- UND WECHSEL-BANK

BAYERISCHE VEREINSBANK BERGEN BANK

BANQUE ROTHSCHILD BANQUE WORMS BARCLAYS BANK INTERNATIONAL BARING BROTHERS & CO., BAYERISCHE LANDESBANK GIROZENTRALE BERLINER HANDELS- UND FRANKFURTER BANK CAZENÒVE & CO. CHARTERHOUSE JAPHET CHASE MANHATTAN CHRISTIANIA BANK OG KREDITKASSE Limited

COMPAGNIE DE BANQUE ET D'INVESTISSEMENTS (UNDERWRITERS) S.A. CONTINENTAL ILLINOIS COPENHAGEN HANDELSBANK COUNTY BANK CREDIT COMMERCIAL DE FRANCE CREDIT INDUSTRIEL ET COMMERCIAL CREDIT LYONNAIS CREDITANSTALT-BANKVEREIN DAI-ICHI KANGYO BANK NEDERLAND N.V. DAIWA EUROPE N.V. RICHARD DAUS & CO. DELBRÜCK & CO.

DEN DANSKE BANK THE DEVELOPMENT BANK OF SINGAPORE DG BANK DEUTSCHE GENOSSENSCHAFTSBANK DREXEL BURNHAM LAMBERT EUROPEAN BANKING COMPANY

FUJI INTERNATIONAL FINANCE

KIDDER, PEABODY INTERNATIONAL

HILL SAMUEL & CO.

DEWAAY AND ASSOCIES INTERNATIONAL S.A. DOMINION SECURITIES EFFECTENBANK-WARBURG

DEN NORSKE CREDITBANK

FIRST CHICAGO GOLDMAN SACHS INTERNATIONAL CORP.

GROUPEMENT DES BANQUIERS PRIVES GENEVOIS HAMBROS BANK IBI INTERNATIONAL

HESSISCHE LANDESBANK —GIROZENTRALE— KANSALLIS-OSAKE-PANKKI KLEINWORT, BENSON KUHN LOEB LEHMAN BROTHERS KUWAIT FINANCIAL CENTRE S.A.K. KUWAIT FOREIGN TRADING CONTRACTING & INVESTMENT CO. (S.A.K.) LAZARD BROTHERS & CO., LAZARD FRERES ET CIE

KUWAIT INTERNATIONAL INVESTMENT CO.S.A.K. MANUFACTURERS HANOVER LLOYDS BANK INTERNATIONAL MERCK, FINCK & CO. SAMUEL MONTAGU & CO. MITSUI FINANCE EUROPE MERRILL LYNCH INTERNATIONAL & CO. THE NATIONAL BANK OF KUWAIT S.A.K. MORGAN GRENFELL & CO. NATIONAL BANK OF ABU DHABI

THE NATIONAL COMMERCIAL BANK (SAUDI ARABIA) THE NIKKO SECURITIES CO., (EUROPE) LTD. NOMURA EUROPE N.V. NIPPON EUROPEAN BANK S.A. NIPPON KANGYO KAKUMARU (EUROPE) PETERBROECK, VAN CAMPENHOUT, KEMPEN S.A. ORION BANK SAL.OPPENHEIM JR. & CIE.

PIERSON, HELDRING & PIERSON N.V. PKBANKEN PRIVATBANKEN **POSTIPANKKI** N.M.ROTHSCHILD & SONS RICHARDSON SECURITIES OF CANADA (U.K.) ROTHSCHILD BANK AG SALOMON BROTHERS INTERNATIONAL A. SARASIN ET CIE SANWA BANK (UNDERWRITERS) SINGER & FRIEDLANDER

J.HENRY SCHRODER WAGG & CO. SCANDINAVIAN BANK SMITH BARNEY, HARRIS UPHAM & CO. SOCIETE BANCAIRE BARCLAYS (SUISSE) S.A. SOCIETE GENERALE STRAUSS, TURNBULL & CO. SUMITOMO FINANCE INTERNATIONAL SPARBANKERNAS BANK TRADITION INTERNATIONAL S.A. SVENSKA HANDELSBANKEN

VERBAND SCHWEIZERISCHER KANTONALBANKEN VEREINS- UND WESTBANK WOOD GUNDY

J. FONTOBEL & CO. YAMAICHI INTERNATIONAL (EUROPE)

WARDLEY WESTDEUTSCHE LANDESBANK

Librativet GIROZENTRALE July 2, 1979

NORTH AMERICAN NEWS

## Woolworth to launch new clothing chain

By John Wyles in New York

F. W. WOOLWORTH. flushed battle to fend off an unwelcome \$1.125bn takeover bid, is to launch a new chain of stores specialising in discount clothing and footwear.

The move will take the 100year-old retailer still further away from its origins as a "five and dime" merchandise store chain. In recent years, Wool-worth has sought faster growth and better profits by investing heavily in its Woolco chain of speciality discount stores, and he development of discount clothing is in line with this

The company apparently examined the possibility of acquiring a discount retailer, but has opted instead for develop-ing about 100 outlets of its own over the next four years. Mr. John L. Sullivan, the company's president, said yesterday that the new stores would be established on sites already leased to Woolworth and close to existing Woolco stores.

Mr. Sullivan pointed out that discount retailing of national brand name clothing was currently booming because it offered bargains without any sacrifice in quality at a time when family budgets were under pressure because of inflation.

Before Canada's Brascan launched its unsuccessful takeover bid in March, Woolworth had been trying to present an image of an aggressive company bent on profitable diversification. Since Brascan withdrew its bid at the end of May, Loew's Corporation announced its intention to buy up to 15 per cent of the retailer's stock.

#### Mexican steel group to expand

NEW YORK-Tubos de Acero de Mexico, the steel group, expects to report earnings of \$2.51 a share for 1979, compared with \$1.42 last year, according to Mr. C. T. Eugenio Perez Gil, executive president. Mr. Perez Gill said that the company will have sales of \$211m in 1979. pre-tax operating profit of about | far "gives rise to serious anti-

The executive said the com-Government oil company

an equity offering in both the U.S. and Mexico seeking be-tween \$30m and \$40m.

Fed gives Bankers Trust go-ahead to widen services

THE FEDERAL Reserve Board Glass-Steagall Act, which legally act as a dealer in commercial has ruled that Bankers Trust, one of the largest New York commercial banks, can expand its operations as a dealer in the \$96bn commercial paper mar-ket. The decision is likely to from becoming agents or dealers fuel the controversy over the in commercial paper. range of services which commercial banks can legally offer

bankers in the commercial paper market, and is intrusion has been bitterly resented. Before Bankers Trust opened up its operations a year ago, it had generally been assumed that the

separates commercial investment banking by prohibit-

Now the Fed has ruled that the Glass-Steagall Act does not Bankers Trust's moves, prohibit the commercial banks The ruling by the Fe Bankers Trust has been the from operating in the market cides with an even more contentry to compete with investment or dealer. Bankers Trust has so mercial and investment or dealer. far only acted as agent, issuing commercial paper for corporate be permitted to underwrite customers who want to raise municipal revenue bonds, an short-term funds in the paper important and expanding busimarket. The Fed ruling appears ness which is still the preserve to clear the way for the bank to of the investment bankers.

Bankers Trust has entered the

ing commercial banks from business in order to broaden the underwriting corporate securities, blocked commercial banks The commercial paper market half a dozen investment banks have been resisting who

> The ruling by the Fed coincides with an even more conten-The commercial banks want to

## GTE looks for foreign expansion

BY OUR FINANCIAL STAFF

OBTAINING FURTHER new are expected to rise this year should continue strong, he foreign business is a major goal at slightly less than the 10 per added. With one exception, the for General Telephone and Electronics (GTE), according to Mr. Theodore F. Brophy, chairman and chief executive officer. \$4.26 a share on sales revenues also robust. The European sec-South Korea and Egypt are of \$3.72bn. The company is a tion is weak mainly because of among the countries where GTE is currently trying to win

GTE has won a contract worth Brophy added. The company's earnings, excluding the effects Brophy said.

cent of the first quarter.

in the U.S. apart from the Bell this year, said Mr. Brophy.

GTE's telephone business be specific about the type.

For fiscal year 1978, GTE ducts division, the company's made net income of \$627.2m or manufacturing operations are diversified communications and a slowdown in the West German electronics concern, and operates colour television market, but an the largest telephone network improvement is expected later

some \$56m in Costa Rica, Mr. system. Revenues this year are Mr. Brophy added that GTE Brophy added. The company's expected to reach \$10bn, Mr. continues to look for suitable acquisitions, but he declined to

## Exxon faces fight over Reliance

BY OUR NEW YORK CORRESPONDENT

EXXON, the U.S. oil company. Exxon is a potential entrant FTC would try to block the could be facing a fierce legal into the electric motor business. deal, battle with the U.S. Government over its \$1.2bn takeover offer for Reliance Electric.

Exxon discloses that it has been informed by the Federal Trade Commission that the FTC staff are "giving serious con-sideration" to recommending. that the Commission seek a preliminary injunction to block

The FTC made it clear that no final decison has been taken but it has told Exxon that information it has received so \$36.7m and net earnings of trust concerns." FTC officials, about \$16m. have disclosed that they have pany has to expand to meet the been examining how easy it growing demand for tube and would be for Exxon to break pipe by Petroleus Mexicanos, into the electric motor market major acquisition such as the This statebid for Reliance. indication that the FTC could he preparing a case arguing that May,

Exxon has already begun its Reliance's shares have been

The fact that the commission \$72 a share offer for Reliance is raising the possibility of an which is due to close on July 11. injunction against the bid, the most aggressive action it could selling at only 860 each largely take, suggests that it is anxious because of expectations that the to test the issues in court.

## **Bodcaw battle renewed**

BY OUR NEW YORK CORRESPONDENT

THE LEADING U.S. forest pro- entered ducts group, Weyerhaeuser, has announced that it had signed an plunged back into the battle for control of the privately-owned Bodcaw for \$610m. forest products and oil concern Now Weyerhaeus Bodcaw with a proposed \$655m

gan in February when Mobil, agreed merger. If it succeeds the big oil company, said that with the offer it will sell or Subsequently, Weverbaeuser disclosed it was ment has been taken as an an interested party and was acres of prime pine forestland ready to offer \$610m. But in International

agreement to take control of Now Weyerhaeuser has said

that it will pay \$655m in cash through a tender offer or, if it The scramble for Bodcaw be- can arrange it, through an itself operating the 300,000 Paper Louisiana.



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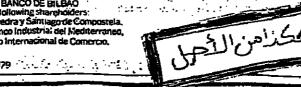


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## **Amoco** takes stake in **Solarex**

STANDARD OIL of Indiana (Amoco), the sixth largest oil company in the U.S., has taken a 21 per cent share-holding in the leading U.S. manufacturer of solar electric

cells, Solarex. This diversification, made at a cost of \$860,000. came after lengthy study of the solar energy field, Amoco said yesterday.

Solarex, based in Rockville. Maryland, is a fast-growing company in the electronics field, and it claims world leadership in the production of cells which transform sunlight into electricity. French and Dutch companies have already invested in Solarex on terms similar to Amoco.

This latest injection of capital will enable Solarex to build a new production plant to serve the solar energy industry, whose prospects bave brightened significantly with the latest energy crisis.

### Hart Schaffner earnings at record level

By Our Financial Staff

NET INCOME of clothing manufacturer and retailer Hart Schaffner and Marx for the second quarter ended May 31 rose from \$3.77m or 44 cents a share to a record \$4.37m or 51 cents a share, on sales ahead from \$133.3m to

\$138.6m.
For the half year, net income was \$11.17m or \$1.30 a share compared with \$9.63m or \$1.12 a share, on sales of \$309.9m against \$298.9m.

The company said that the record second quarter and six-month figures were a result of retailing and manufacturing gains and higher interest income. Sales in the rctail stores rose by 6.5 per cent over both periods, while sales of the manufacturing divisions rose by some 4.5 per cent in both periods.

Sales in June rose more slowly than in the first half. Hart Schaffner said, but the company is still confident that 1979 will be another good year. Earnings per share last year were \$2.09.

#### Acme Markets to axe stores

РПІКАВЕКРНІА — Асте Markets, a subsidiary of the major food supermarket chain American Stores, is to close 45 of its 50 retall food stores in New York and Pennsylvania. Acme will also close its division office in Syracuse, its cuse and Buffalo, and its bakery in Buffalo.

Acme said that it decided

to close the stores because of a long-standing, continuing and escalating operating deficit with no hope of effecting a turnaround in the affected areas."

### Ford in deal with Cummins

By Our Financial Staff

FORD MOTOR Company has signed an interim agreement with Cummins Engine Company for the development of lightweight turbo-charged diesel engines.

The new diesel engine will he designed and developed to Ford specifications by Cummins for possible use in some Ford passenger cars and light

The turbo-charging feature will help to overcome some of the performance problems usually associated with diesel engines, and may improve their emissions character istics, Ford said.

### Corco talks in final stage

THE TALKS between Company (Corco) and Arabian Seaoil Corporation on the latter's proposed investment in Corco have reached a final stage and understandings have been reached on important terms. The chairman of Corco. Mr.

C. Howard Hardesty Jr., said yesterday that the company continues firm in its resolve to file a plan of arrangement with the bankruptcy court this menth under which it can emerge from bankruptcy. The company filed a volun-tary petition under Chapter XI of the Bankruptey Act on March 2, 1978.

Beneficial Corporation Beneficial Corporation of the U.S. wishes to make it clear that they are not connected with Beneficial Finance Corporation of Australia the company con-cerned in the report which appeared in yesterday's Financial Times. Beneficial Corporation's subsidiary in Australia operates under the

INTERNATIONAL CAPITAL MARKETS

## OPEC members step up **Eurocurrency borrowing**

raising syndicated Eurocurrency. Snancing.

tinue to rely extensively on the already raising in the market international capital markets for . Venezuela had been expected

nternational capital markets for ventral a sizeable payments levelopment purposes, accord to incur a sizeable payments ing to bankers.

deficit this year, and has tradiing to bankers. deficit this year, and has tradi-In latest developments, the tionally run a very high level Republic of Venezuela has of central government spending comminated a group of banks ledt for industrial and economic by Citicorp International Group development. But the lafest rise to raise a 12-year credit which in oil prices should restrain the payments shortfall to below the could total up to \$850m. The payments shortfall to below the banks have already firmly under—final figure of some \$6bn ex-

written a loan of this size, sected for 1978.

although the Venezuelan Indonesia has decided to tap, spread of 1; per cent.

SEVERAL OPEC members are authorities have yet to confirm the Euromarkets for approximation the process of negotiating or the final amount of the mately \$425m. The funds will be used to consolidate existing loans amounting in total to The credit will be mounted debt, and Morgan Guaranty some \$3bn.

Despite the 50 per cent rise percentage points over London banks to handle the financing. Despite the 50 per cent rise percentage but the first percentage but th financings by OPEC members \$500m short-term credit which successful \$520m credit package confirm that several oil the State utility. Institute in order to acquire U.S. and producing countries will con. Nicional de Obras Sanitarias, is European civil aircraft. The year maturities at spreads of percentage points - over -inter

bank rates. Elsewhere, negotiations are at an advanced stage to mount a \$500m borrowing for the

Algerian Cificorp International other banks are reported? offering a 10-year credit to the borrower on the basis of a

## Demand for sterling continues

day. Sterling denominated bonds posted further gains on the back of a further strengthening of the UK currency against most currencies while the undertone in the Deutsche Mark sector, re-mained very firm. At the same time activity in the dollar sector. was reported by most dealers

to be at a fairly low ebb.
Continued demand for sterling bonds was reported from all dealers yesterday with evidence that investors were selectively trading lower yielding issues for more recent and higher yielding paper. The recent GEC issue moved up by about } of a point on the day to 101; while the latest bond

bond markets at the beginning Genossenschaftliche Zentralbank and has an average life of this week continued yester, through Credit Suisse First seven years. Boston. The borrower is paying a coupon of } per cent over the medium of the bid and offered three month interbank rate.

Prices in the FRN sector were well maintained yesterday although the recent \$100m issue for Nacional Financiera opened at a discount. While the lead managers were quoting it at 971-84. elsewhere in the market it was being quoted at 971-3. The volume of trading in this sector was described as

moderate.

The Deutsche-Mark sector continues to display all the signs of strong investor demand: a DM 30m private placement for FFI closed at 994, up 1 a for a single A rated U.S. corpoint on the day. Some issues, poration, Parker-Hannifin, has such as the Total 91 per cent been arranged by Deutsche Bonds of 1984 lost ground, Bank, acting as lead manager, closing one point down on the and Kidder Peabody, acting as day at 91-2.

A \$40m floater with a bullet ing a coupon of 71 per cent for continuing to trade into higher.

THE TREND set in the Euro was announced yesterday for underwritten by the two banks

Meanwhile, as a result strong demand, Deutsche Bank was able to price the 12 year bullet DM 460m issue for the World Bank at par and a half The indicated coupon of 71 per cent remains unchanged.

In the secondary foreign D-Mark bond market prins were essentially unchanged while in the domestic bond has ket, strong demand allowed the Bundesbank to sell DM 52m worth of paper. The DM 166, 10 year issue for the Federa Republic which carries a coup of 8 per cent and a price of per was well received ... It offers a yield slightly below that of the recent domestic issue for the German Railways which was launched last week-

in the dollar sector at the market most dealers reported maturity of 10 years and a eight years with a final price yielding issues, where such minimum coupon of 51 per cent of 99. This issue has been fully paper was available.

## FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices publis

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## Veba optimistic after earnings jump

Germany's largest industrial recorded in the first three concern, turned in sharply months of 1978. higher first half earnings this year and expects a substantial improvement in its results for stantial 1978 upturn. Last improvement in its results for stantial 1978 upturn.

Herr Rudolf von Bennigsen-Foerder, Veba's chief executive. said that earnings for the second formance has led to a doubling

In the year's opening quarter, jubilee in 1979.

group after-tax earnings totalled
DM92m (\$49.9m). This was company in 1978 amounted to Rheinahr works where some

Italian link

for General

GENERAL FOODS of the U.S.

has bought a 21 per cent share-

holding in the Italian food con-cern, Simmenthal, whose capi-

tal was increased last year from

The two companies have also

agreed to form a joint venture

called Simfoods initially designed to sell products of the

U.S. foods group in Italy through Simmenthal's distribu-

one of Italy's leading producers of tinned meats and fish, con-trolling about 70 per cent of

the domestic market. Sales last

year at General Foods totalled

large U.S. food group to take a

direct interest in an Italian

company this year. The Chicago-based Quaker Oats conglomer-

ate recently purchased an 80

per cent controlling stake in

the Chiari E Forti foodstuffs

It was also confirmed yester-

day that the Milan chemicals

sold for an undisclosed amount

its U.S. subsidiary, Novamont,

to U.S. chemicals, a subsidiary

Novamont, currently with a capital of \$59m, was originally

set up in the U.S. by Monte-

dison in the 1950s when the

1 Italian group was seeking re-q.cognition from the American

mouthorities for its polypropylene

anchemical group's present stra-

th tegy of disposing of saleable

keassets in view of its substanar tial accumulated debts and con-

DM 1.6bn loan

THE WEST GERMAN govern-

V ment is raising DM 1.6bn

through the issue of a single

tranche loan over ten years on
a coupon of 8 per cent. The bond

The issue will be the first single tranche state bond to

appear since the autumn of last

year, and it underlines the

Last month's ten year government issue was comfort-

capital market in Germany.

recent recovery in the domestic

s will be priced at par.

tinuing heavy losses.

to raise

The sale is part of the Milan

conglomerate, Montedison, had

General Foods is the second

**Foods** 

L4bn to L5bn.

bee sta

ties Cabi

Mini

year's net profits, at DM267m (\$144.8m) were nearly double the previous year's DM138m. The massively improved per-

last year virtually closed an

BY ROBERT GRAHAM IN MADRID

steel group Ensidesa reports by

Ensidesa chairman, told the fine.

fire for second time

BY CHARLES BATCHELOR IN AMSTERDAM

PAKHOED, the storage, trans- period of the investment as is

port and property concern, more usual practice. This led faces a second challenge to its to assets being Fl 13m higher accounts from SOBI, a Dutch than they should have been, pressure group which aims to SOBI said.

reports. After a ruling by the eorlier this year in a case also business chamber of the brought by SOBI that Pakhoed's

Amsterdam district court in 1977 accounts were at fault in

May that Pakhoed's 1977 five respects although it did not accounts were incorrect or demand that new accounts incomplete in a number of should be prepared. Pakhoed

respects, SOBI is now challeng- has three months to appeal

ing Pakhoed's 1978 accounts.

SOBI claims that the FI 52m

(\$26m) operating profit replans to extend its network of

perty division of Pakhoed was South America and the Far East.

"too high in relation to turn- The bank, which is the fourth

over" which was Fl 56m. It largest in the Netherlands, said also claims that Pakhoed it will open a representative booked investment premiums office in Paris as well as joint

received in one year instead of offices in Mexico City and

**Dutch sports goods move** 

BUEHRMANN - TETTERODE, Dunlop tennis, squash, bad-the paper and board manufac- minton and golf goods in the

Netherlands.

from Amsterdam.

1978-a loss widely anticipated

Spanish steel prices and the

company's annual meeting that

improve the quality of company

ported by the Polyzathe pro-

turer and tracking group, has

moved into the sports goods

market with the acquisition of All Weather Sports, a Dutch

agement as an independent com-

spreading them out over the Caracas.

BY OUR AMSTERDAM CORRESPONDENT

AWS has an annual turnover F1 12.1bn,

high cost of credit.

losses of Pta 12.2bn (\$185m) for materialised.

VEBA group. West more than double the net profits DM 196m compared with the 200 workers would be laid off.

iny's largest industrial recorded in the first three previous year's DM 168m. Group capital investment Distributed profits totalled in 1978 amount to some Distributed profits totalled in 1978 amount to some DM 168.8m compared with 1977's DM 168.8m compared with the DM 1.76bn compared with 1977's DM 168.8m compared with the 200 workers would be laid off. tion to reserves was reduced from DM 84m to DM 28m.

Herr Bennigsen-Foerder said that the management was working hard on bringing the group's troublesome glass-making operatroublesome grass—
tions back into profit. A tough
restructuring programme had
been approved and the glassmaking sector should be back
in the black within two years.

Waria, the German battery
maker, foresees satisfactory
results in 1979 despite higher
results in 1979 despite higher quarter of 1979—particularly in of the dividend from 6 per cent the oil, chemicals and trading sectors—continued to show the substantial increase noted in the first three months.

The first three months.

The formance has led to a double of the dividend from 6 per cent restructuring programme had been approved and the glass-making sector should be back in the black within two years.

The reorganisation would be back in the black within two years.

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The reorganisation would be back in the black within two years.

it going to the power generation sector. Depreciation amounted to DM 1.79bn against the previous year's DM 1.34bn.

Group external sales last year totalled DM 31.18bn (\$16.9bn). up from 1977's DM 27.39bn.

prices for energy and raw materials, particularly the drastic jump in tin prices, AP-

from the year-earlier period. Of this total, consolidated domestic sales accounted for DM 325m up by 11 per cent. Exports and international business contri-buted 54.7 per cent to sales for the first five months, approxi-mately unchanged from last

Speaking at the annual meet-ing, Hans Graf von der Goltz the board chairman, said that Varta is a growth company, well equipped to handle market opportunities that are opening up with energy shorteges lead-ing to heightened interest in energy storage technology.

## External growth for **Esselte**

ESSELTE, THE office equipforeign sales.

Units outside Sweden will contribute well over half of operating profits, Mr. Sven Wallgren managing director, writes in the annual report. As reported earlier, the group expects pretax profits to rise about 19 per cent to SKr 275m (\$65m) this

Of the operating profit of SKr 340m returned for 1978-79, just under one-third came from Esselte basiness systems whose turnover was SKr 1.17bn.

Another third derived from 10 months of sales totalling SKr 653m recorded by Dymo Industries, the San Francisco based labelling systems company purchased in the spring of 1978 whose American operations are being co-ordinated with those of Oxford Pendaflex, another U.S. subsidiary.

of countries.

By Victor Kayfetz in Stockholm

ment, packaging, printing and publishing group which only five years ago had nearly all its business in the Swedish home market, expects about half its estimated SKr 4bm (\$941m) in turnover during the year that began on April 1 to come from

year.

Mr. Wallgren sees the acquisition of Dymo as a vital addition to Esselte's marketing strategy. By means of this and previous acquisitions, Esselte now has access to an organisation which reaches about 100,000 sales points for office products distributed in a large number

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**APRIL**, 1979

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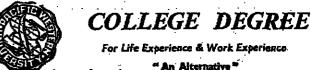
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N. M. Rothschild & Sons Limited Scandinavian Bank Limited . Henry Schroder Wagg & Co. Limited. Skandinaviska Euskilda Banken N. V. Slavenburg's Bank Smith Barney, Harris Upham & Co.

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Société Bancaire Barclays (Soisse) S.A.
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Société Générale de Banque S.A. Soarbankernas Bark. trans, Turnbull & Co. unitomo Finance International

genska Handelshanken Swiss Bank Corporation (Oversens) Limited Tradition International SA Union Bank of Finland Ltd.

Vereins-und Westbank Aktiengesellschaft J. Vontobel & Co. West LB Asia Limited Dean Witter Reynolds, International

Yamaichi International (Europe) Limited

## Wienerwald forecasts sales boost

is expected to increase by more discos. Major operations at the than 40 per cent to around Germany—with 496 outlets tion with irregularities at the SwFr 1.3bn (8785m) in 1979, alone—and in the U.S., Switzer-bank's Chiasso branch.

Sales of land and Austria. The group Sales are reported to be decompared with sales of land and Austria. The group SwFr 902.6m last year. The shortly intends to enter the forecast includes sales of some travel-agency business. SwFr 370m which are expected + + \*

to result from the U.S. company THE ITALIAN Winefood group, Ihop Corporation, which Wiener a subsidiary of Credit Suisse, wald acquired earlier this year, reports a loss of L9.7bn for Last year, group sales rose by 1978. compared with L14bn pre-38.3 per cent, over half of the viously. The loss is attributed announced the intention to sell growth arising from the opening primarily to interest costs. Winefood in the early 1980s of new outlets and the acquisi- Winefood Italy's largest when its operations are far tion of the "LUMS" chain in single producer and distributor enough improved. of wine and active in hotel-At present, Wicherwald keeping, agriculture and the THE BOND investment fund during the period.

TURNOVER OF the Wienerwald restaurant and hotel group
is expected to increase by more
than 40 per cent to around
Common with 400 outlets tion with imaginarities at the

veloping well this year, turn-over having risen 43 per cent and exports 25 per cent in the first five months. The company now expects to be able to reach its 1979 target of a break-even.

ministered by the Swiss Volksbank affiliate Kafag, is to reduce its gross dividend from SwFr 4.30 to SwFr 3.80 per certificate for the food's income and May 31. The fund's income was substantially affected by the lower exchange rates of non-Swiss franc currencies last year, even though the situation improved in the second half.

Issue price of certificates, whose circulation rose by 5.2 per cent to over 2.3m, fell from SwFr 71.70 to SwFr 66.90 each

JPK 100 5-0

riot '

ably received on a price of 991. and a subsequent issue by the Federal Railways at 99; was swamped with applications. Both bonds carried 8 per cent Paris Bourse

> PARIS - Turnover on the Paris Stock Exchange over the first half of this year amounted to FFr 44.4bn (\$10.3bn), an increase of 17.3 per cent over last year according to data released by the Paris Stockbrokers' Association. The Association pointed out

turnover rises

that turnover on the Exchange had been relatively light in January and February 1978 ahead of the Porliamentary elec-tions and was substantially AWS will continue to operate reduced in March this year on under its present senior manahead of the Parliamentary elecaccount of a strike by clerks. A rise of 43 per cent in the pany within the toy wholesaling F1 9.2bn from F1 10.3bn and turnover in bonds to FFr 24.9bn division of the BT group. from FFr 17.3bn in the first half from FFr 17.3bn in the first nair; Awo has an annual turnover of 1978 was mainly responsible of Fl 15m (\$7.5m) and a staff of 30. Based in Zoetermeer, to Fl 2.7bn from Fl 3.7bn in near The Hague, it is the May and the record Fl 4.3bn in AP-DJ exclusive representative for June, 1978.

## Sharp profits setback for Spanish chemical group DRAMATIC downtura in Espanola de Minas Rio Tinto, year would run below amortisa

It has widely diversified interests, principally in oil refinprofits is reported by It Explosivos Rio Tinto (ERT), Spain's leading chemical coming, fertiliser production, copper, plastics, chemicals, pany. On a rise in sales of just explosives, mining 6 per cent to Pta 80.6bn, net pharmaceuticals.

carnings have slumped to Pta 237m (\$3.58m) from the Pta 1.87bn achieved in 1977. teed ERT a positive return in reserves.

1978 when for example, the Howev tion network.

Simmenthal, with a turnover of L75bn (\$90.5m) and reported earnings of L3m last year, is one of Italy's leading and reported one of Italy's leading and reported in cash-flow by calling a substantial retrenchment in the coming years, reviewing all non-essential investment, and perhaps boostone of Italy's leading and a substantial retrenchment in the company is likely to undergo substantial retrenchment in the coming years, reviewing all non-essential investment, and perhaps boostone of Italy's leading and the company is likely to undergo substantial retrenchment in the coming years, reviewing all non-essential investment, and perhaps boostone of Italy's leading and reported in the coming years, reviewing all non-essential investment, and perhaps boostone of Italy's leading and reported in the coming years, reviewing all non-essential investment, and perhaps boostone of Italy's leading and reported in the coming years, reviewing all non-essential investment, and perhaps boostone of Italy's leading and reported in the coming years, reviewing all non-essential investment, and perhaps boostone of Italy's leading and reported in the coming years, reviewing all non-essential investment, and perhaps boostone of Italy's leading and reported in the coming years. The company is likely to performance of the group's two of its substantial property and tourist industry holdings. Low bourse turnover on ERT shares

Ensidesa

ERT is the result of the 1970 per cent to Pta 113.6bn. fusion of Union Espanola de Explosivos with Compania Espanola de Sr. Miro announced to share mining venture in Compania holders that investment this Minera San Albin.

tion, with the object of consoli-This diverse structure guaran-

pharmaceutical subsidiaries offset the poor return on fertiliser Sr. Juan Miro Chavarria. ERT's director general, further criticised the Government for against last year. holding down prices on basic products like fertilisers, which seriously affected the

important anticipated source of group's performance. Group turnover, however, was up 12

STATE-CONTROLLED crease in the autumn anticipated principal shareholders. The debt

The business court ruled

representative offices in Europe,

• Turnover on the Amsterdam

bourse fell to Fl 18.6bn in the first half of 1979 from the record Fl 22.4bn in the same

period of 1978, Reuter reports

Share turnover dropped to

dating the expansion plans embarked on by the group in 1973. This year will be the first time that ERT has not paid a dividend, with all profits destined to boost the group's However, it was stressed that

the group's viability had survived an important test in the present crisis. ERT sales during the first five months have picked up slightly, showing an improvement of 8 per cent

Among new ERT ventures started last year, were a civil explosives factory in Dubai, in which the group has a 49 per

Heavy losses for Ensidesa

the company Pta 11.4bn, almost The slump in domestic dethe same as total losses. within the industry due to a consumption fall to 1973 levels. Pta55bn, of which Pta29bn combination of depressed was also a major factor affect- comprised unpaid bills to supcombination of depressed was also a major factor affectdomestic demand, a freeze on ing the company's losses. The pliers. The amount owed to drop in domestic demand was Ensidesa by its clients was only partially compensated by Pta26.5bn. The 'company has an aggressive switch to exports, listed Pta17bn (\$280m) worth Sr. Jose Luis Baranda, To compete, margins were kept of these outstanding payments as doubtful. further

This short term debt underthe bulk of the losses had been burdened by substantial finan-lines the plight of much of recorded in the first quarter cial costs. At the end of Spanish industry after two (Pta 5.1bn). In the second December medium and term years of recession, Ensidesa quarter the Government re- debt amounted to Pta 114bn calculated that losses per ton moved its freeze on steel prices, (\$1.7bn). Of this 43 per cent of steel produced last year was permitting a 10 per cent rise in was contracted with the state equivalent to Pta2,498, margin-prices. However, a further in-holding company, INI, its ally below the industry average.

## Pakhoed accounting under Thomson-CSF subsidiary in U.S. expansion

By Terry Dodsworth in Paris

A SUBSIDIARY of the Thomson-CSF electrical group is consolidating its position in the simulator equipment training market with the acquisition of Burtek of the U.S., which claims to be the leading world supplier of training aids for airline cockpit personnel.

A price has yet to be given for the deal, which will bring Burtek together with LMT. the Thomson affiliate. However, Thomson said that the two companies had a combined order book last year in the region of FFr 300m (\$68m). LMT's simulator division

builds training and research simulators for aeroplanes, helicopters. tanks. submarines, nuclear power plants and ships. Trading losses less than half those of last year are forecast for 1979 by the French hotel and restaurant group, Jacques Borel International.

Shareholders were told at the annual meeting that seasonal variations similar to 1978 will be apparent, but that the company's loss-making activities were recovering and the profit-able operations of Borel were,

in general, moving ahead. The group has been suffering heavy losses for three years, In 1976 it registered a loss of FFr 53.7m at the after-tax level. followed by a shortfall of FFr 163.3m for 1977. Last year, the group deficit to FFr 89.8m

(\$21m). A large number of changes are being made to the legal structure of the company in order to rationalise trading

## **METALURGICA** DE SANTA ANA S.A.

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Agent Bank

BANCO HISPANO AMERICANO, S.A.

**APRIL**, 1979

This announcement appears as a matter of record only

## H. J. Heinz Company

through its subsidiary

H. J. Heinz Company Limited

has acquired the assets of

Country Kitchen Foods

a division of

## **The Clorox Company**

We initiated this transaction and acted as financial adviser to the acquirors

Corporate Finance Department

### **Bank of America International Limited**

St Helens, 1 Undershaft, London EC3A 8HN



and Markets

**Confident** 

forecast by

sales of Y396.32bn (\$1.8bn). up

sharp improvement in earnings attributed partly to the

production increase resulting from continued favourably high sales of the rotary-engined

sports cars, as well as to an

improved sales system. and

In the six months, Toyo Kogyo

sold 474,563 vehicles up 18 per

cent over a year ago, of which

passenger cars accounted for

310,722 vehicles and trucks

accounted for 164.831 vehicles.

The company's exports gained

5.9 per cent over the previous year to 287.565 vehicles, while

its domestic sales rose by 43.3

ties had been reduced to

Y289.3bn, or Y24.3bn less than

The company is closely related to the Sumitomo group

and is under going a financial

reconstruction, beaded by Sumitomo Bank. The Sumitomo

group raised its stake in Toyo Kogyo to 13.6 per cent in April.

from 11.2 per cent, and intends

it April last year.

per cent to 186,988 vehicles. By the end of April, Toyo Kogyo's interest bearing liabili-

nanagement rationalisation.

per cent over the same period of the previous year. The

full-year

## INTITL. COMPANIES and FINANCE

## COMPANY PROFITS

Toyo Kogyo Mazda cars, has reported a

buoyant performance for the first six months of the 1979 fiscal year ended last April The company foresees strong earnings for the whole of the current fiscal year, to October, and intends to increase its dividend by Y0.5 to Y2.5 (10 per cent per annum) at the end of current The automobile maker, which is currently in talks with Ford Motor of the U.S. about a pro-

posed 20 per cent capital participation by Ford, boosted its interim operating profits by 106.2 per cent to Y12.715bn (\$58.5m). Net profits were up by 91.9 per cent to Y6.44bn. on

## Japan scales new peak

A survey by Wako Securities, covering 377 companies listed in the first section of the Tokyo Stock Exchange shows that operating profits in the March half rose 22 per cent over the previous half-year to September (29.7 per cent if electric power companies are excluded), while sales gained 6.1 per cent (6.64 per cent without the electrics).

were up 7 per cent and 5.5 per September, a survey by Nomura

cent respectively.

Nihon Keizai Shimbun, in its own interim estimate, said that profits would rise by 15.1 per

Nomura said that the projections for the second half prices) are left out. Manufac panies reaching record highs in turing sector companies as a operating profit this year who whole would have a 4.8 per be about 92.

crude oil continues to be the most worrisome factor. There cent. rise. Wako Securities is forecasting that operating profits in the Manufacturing sector comment will continue to tighten September half for all induspanies had a rise of 34 per cent credit during the summer tries will increase 11.05 per cent in operating profit while nonmonths and that the American and that the rise for the half manufacturing showed an ineconomy will falter to March will be only 1.76 per crease of 6.4 per cent. Sales During the six months to cent. It said sales would increase up 7 per cent and 5.5 per Sentember a circum by Nomice. crease about 4 per cent in the first and in the second haif. Non-manufacturing indus-

CORPORATE EARNINGS in operating profits were up 15.2 cent over the prior half, but declines of 459 per cent in Japan in the half year to last per cent, which is the first that there would be a 0.1 per operating profits in the first of March appear to be the highest double figure increase in four cent decline in the half ending these halves and 3.86 per cent over the prior half year terms, and follows the next March. on record, surpassing the pre-1973 oil crisis peak. The out-look, however, is for a levelling off in the latter half of the cur-rent fiscal year.

The out-six months to September 1978, 5.9 per cent in the first half and first half gain, and a 4.43 per cent increase in the second. While manufac-turers posted a 20.4 per cent six months to September 1978, 5.9 per cent in the first half and first half gain, and a 4.43 per cent increase in the second. While manufac-turers posted a 20.4 per cent six months to September 1978, 5.9 per cent in the second. Cent increase in the second. While manufac-size posted a 20.4 per cent first half gain, and a 4.43 per cent increase in the second. While manufac-size posted a 20.4 per cent six months to September 1978, 5.9 per cent in the second. Cent increase in the second. While manufac-turers posted a 20.4 per cent first half gain, and a 4.43 per cent increase in the second. While manufac-size manufac-size manufac-turers posted a 20.4 per cent first half gain, and a 4.43 per cent increase in the second. While manufac-turers posted a 20.4 per cent first half gain, and a 4.43 per cent increase in the second. While manufac-size manufac-turers posted a 20.4 per cent first half gain, and a 4.43 per cent increase in the second. While manufac-turers posted a 20.4 per cent cent increase in the second. While manufac-turers posted a 20.4 per cent cent increase in the second. While manufac-turers posted a 20.4 per cent cent increase in the second. While manufac-cent increase in the second. The second increase in the second increase in the second increase in the second. The second increase in the second increase per cent in September. jections for the second half see a profit decline of 6.9 per cent in September. jections for the second half see a profit decline of 6.9 per cent in the first half and 23.2 materials will put a drag on rise of 5.4 per cent if the per cent in the next japanese corporate profits in electric power companies. The number of first-sessing the latter half of the current (sharply hit by rising of Tokyo Stock Exchange confined war according to surgets are left out.

and '

that the manufacturing sects will have a rise in operating pr half, followed by an 8 per cendrop in the second half. The for mining industries in the fire half and a 15 per cent decin industries up 4.3 per cent

## Modernisation plans at Tisco

fiscal year, according to surveys by securities houses and banks,

is also concern that the Govern-

The increase in the price of

BY R. C. MURTHY IN BOMBAY

TATA Iron and Steel Company development fund. (TISCO) has embarked on a 3,20bn (about \$400m) renovation and modernisation plan for its steel operations and collieries supplying coking coal, ment which rejected the pro-The modernisation pro-gramme envisages the establish-rod mill.

Rs 200m by way of public deposits and other sources. The dependence on external institutional sources for rupee finance is for only Rs 1.1bn. the rule of converting a part (up

to increase its holding to 20 per cent prior to Ford's 20 per cent to 20 per cent) of the loan into equity, which is stipulated for Lending rates at banks were loans to major private sector reduced from March 1978. companies. Another Rs 800m is Tisco produced 1.516m formes capital participation, in order to maintain its influence over Toyo Kogyo's management. operating profits of Y28bn, up 87 per cent, on sales of Y830bn, up 20 per cent over 1978-79. J. R. D. Tata, the Tisco chair-

ing operations.

modernisation programme envisaged an investment of more than Rs 4hn, but was pruned at the insistance of the Govern-

by international credits. Some at Rs 3.81bn in the year ended Rs 1.45bn will come from the March 1979 was 10 per cent company's own resources and higher than in 1977-78. Pre-tax profits rose sharply, to Rs. 249m in 1978-79, from Rs 78.7m in 1977-78. The increase in revenue (despite a drop in steel production) and vastly expanded Tisco nationalisation, as pro-Public financial institutions margins were due to an increase have sanctioned Rs 300m for in steel prices, which are con-collieries development, waving trolled by the Government: partly because of better productmix and lower interest charges.

to come from the Government. of saleable steel, representing These funds can come, says Mr. 99.5 per cent of capacity utilisation, and comparing with man, from the steel industry 1.601m in 1977-78. Lower steel management.

Tisce's production was attributed to ime en electric power shortage and coal and coke supply bottlenecks. But steel sales were even lower because of a shortage of railway wagons
Profits after tax and other adjustments were Rs 198.0m in

ment of a new oxygen steel making plant, which will have to be imported to replace one of three steel mills set up in 1929, Provision is made for a foreign exchange component of exchange component of the foreign of the foreign of the foreign exchange component of the foreign of the high-cost public sector steel. the high-cost public sector steel plants to earn a reasonable return, and at the same time to limit the dividend to shareholders of Tisco, the private sector steel unit

The Government has rejected posed by left-wing union ministers, who do not want Tatas effectively to control the company, with only a four per cent equity shareholding. Tisco is managed, says Mr. J. R. D. Tata, by an independent professional board of directors, of which he happened to be the chairman. There was therefore no need for a change in

### ANZ to form company in New Zealand

Group said it will form a com-pany incorporated in New (New Zealand), to conduct a total operations of the bank i that country.

sell part of its stake in the company to the New Zealand public, details of which will be poration.

The bank said the propo has received official approval to acquire the New Zealan business as at October 1.

• Meanwhile James Hardi

Asbestos said it will ask share holders to approve a name change to James Hardie Indis tries at the annual meeting on August 2.
The board considered the

name change to be appropriate in view of the acquisition of substantial new busines the past year. Shareholders will also be asked to approve an increase in the number directors from 10 to 12

## U.S. divestment in the Philippines Group results from JVC

and GM Transmission Corpora-

tion to Japan's Isuzu Motor

assembles GM and Isuzu cars and trucks, while GM Trans-

major stockholder of Isuzu in

It is also reported that complete withdrawal of capital is planned by American inves-tors in GTE Philippines Incorporated, which makes telephone

Wallace

By R. C. Murthy

THE TURNOVER of Shaw Wallace and Co. crossed the Rs. 1bn mark in 1978, and touched Rs 1.07ba, to register

a 13 per cent growth. Profits after tax at Rs 29.8bn, rose by 54 per cent, indicating an improvement in margins. After

Shaw Wallace, which is connec-ted with Sime Darby and Shaw Wallace and Hedges is a diver-

sified company with interests directly or indirectly in liquor and wines, glue osseinn, chemi-cals fertilisers formulation, tea and yeast. It is nagotiating with the government of Andhra

Pradesh to set up a giant chemical fertilisers plant in the

wines is narrowing in India, with the Janata Government's

decision to implement prohibition of sale and consumption of

liquor as a national policy. Since it is a state matter under

the Indian constitution, inducements are being offered by the Government of India to make good as grants the loss in revenue by way of taxes on liquors. With the gradual extensions of making the loss in the loss of making the loss of taxes or liquors.

sion of prohibition-Tamilnadu

and Gujarat are already "dry "
—Shaw Wallace is devoting its

attention to upgrading its existing range of liquors and to exports. Its exports in 1978

rise of 12 per cent. Besides its

activities in its own products,

Shaw Wallace has acted as an

export house, to promote Indian

products and services such as diesel engines, handierafts garments and computer services.

The market for liquor and

southern state.

15 per cent payout as dividend, the company retained Rs. 6.4m (Rs. 0.99m in 1977).

Philippines

BY LEO GONZAGA IN MANILA

interest in Goodyear Tire and Rubber Company of the Philip- the U.S., has sold 1.1m pesos pines is just one of the three recent partial divestments by American investors here.

The buyer of the local Goodshares is state-owned Philippine National Oil Com-pany (PNOC) which several years ago purchased the oil refining and marketing operations of Exxon here through Esso Philippines Incorporated.

PNOC has a tyre, battery and accessory marketing subsidiary called Petron TBA Corporation which has virtually a captive market made up of Government offices and the armed forces. In the first of the two other

THE SALE by Goodyear Tire divestment moves United Philippines but, recently and Rubber Company of Akron. Amherst Leasing and Finance awarded a big telephone equipment of the Corporation, the local affiliate ment supply contract to West equipment and a developer of accounted for the contract to West equipment and a developer of accounted for the contract to West equipment and a developer of accounted for the contract to West equipment and a developer of accounted for the contract to West equipment and a developer of accounted for the contract to West equipment and a developer of accounted for the contract to West equipment and a developer of accounted for the contract to West equipment and a developer of accounted for the contract to West equipment and a developer of accounted for the contract to West equipment and the contract to West equipment of Amherst Financial Group of Imported telephone equipment worth of shares, equivalent to 30 per cent of the total equity. to Pacific Banking Corporation.

attracts only a 10 per cent tariff duty, whereas the tax on locallymade equipment is 30 per cent. The tie-up with the domestic GTE Philippines has slowed commercial bank is intended to down its operations and laid off some of its workers since orders from PLDT and boost Amherst's financing leas-In the other move. General RETELCO are sporadic and Motors Corporation of Detroit sold 40 per cent of its interest in GM Philippines Incorporated

there is also not enough business from the Government tele-phone sysem. The American investors in GTE Philippines. whose equity there is a carryover of original investments in General Telephone and Elec-tronics Company of the U.S., mission manufactures auto-motive transmissions. GM is a understood to be offering to sell understood to be offering to sell out to local buyers.

announced consolidated results for the first time for the fiscal year to March.

were 174,830bn, 26 per cent higher than its non-consolidated profits. Profits per share were Y33.1, compared with Y26.3 on a non-consolidated basis. Helped by strong sales of VTR's both in domestic and overseas markets. : consolidated exceeded non-consolidated by 27

per cent, at Y238.45bn JVC has 43 consolidated subsidaries, in particular its only overseas consolidated subsidiary, U.S. JVC fared well. The company's overseas sales accounted for 40 per cent of the total turnover.

VICTOR Company of Japan Its sales break down was as using the "VHS" formula has phonograph records for 15 pe cent; and television sets for 26

ear to March. For the current fiscal year.

JVC!! consolidated profits ending March 1980, the conpany's consolidated sales are expected to grow by 15 per cent to Y275bn, and net profits by 15 per cent to Y5.6bn

> International Wood International Wood Products the Singapore veneer and pig-wood manufacturer has manufacturer. reported group post-tax profit of \$\$3.84m (U.S.\$1.8m) for the year ended February, to show so increase of 135 per cent from the previous year, writes

Georgie Lee from Singapore,

This announcement complies with the requirements of the Council of The Stock Exchange in London. t does not constitute an invitation to subscribe for or purchase any set

July 4, 1979

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> W. Greenwell & Co., Bow Bells House, Bread Street, London, EC4M 9EL

#### equipment. Philippine Long Distance Telephone Company (PLDT) is a co-owner of GTE Associated Japanese Bank (International) Limited Sharp rise for Shaw



Extract from Audited Accounts:

		28th Fel	o. 1979. £000	28th Feb. 1978 £000
Share Capital		in the Paris (d)	7,000	7.000
Retained Profit			5,480	4,279
Subordinated Loans (£ equivalent)			12,353	12,877
Deposits	i de la companya de l	4	23,473	407.506
Loans			40,388	238,780
Total Assets		4	58.622	439,423
<b>Profit before Taxation</b>			3,612	3,172
Profit after Taxation			1,621	1,434

Associated Japanese Bank (International) Limited

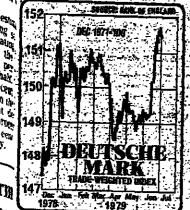
29-30 Comhill, London EC3V 3QA Telephone: 01-623 5661, Telex: 883661

Jointly owned by The Sanwa Bank Ltd The Mitsui Bank Ltd The Dai-Ichi Kangyo Bank Ltd. The Normura Securities Co Ltd (Shareholders' aggregate assets well exceeding U.S. \$170,000 million):

ard July, 1979.

## formation CURRENCIES, MONEY and GOLD

## Pound rises past \$2.20



be Specifing continued to improve later in the afternoon so the magainst major currences yester—dollar began to decline to show be day, and was notable for its a rather mixed finish.

Is sharp rise against the dollar Against the D-mark it fell to Salugging saide the intermittent DMI 8400 from DMI 8415 but improved in terms of the Swise france to SwFr 1.6570 from the decline, the point was france to SwFr 1.6570 from DMI 8400 from DMI 8415 but improved in terms of the Swise france to SwFr 1.6570 from DMI 8415 but improved in terms of the Swise france to SwFr 1.6570 from DMI 8415 but improved in terms of the Swise france to SwFr 1.6570 from DMI 8415 but improved in terms of the Swise france to SwFr 1.6570 from DMI 8415 from the pushed through the good larger of Japanese year, the dollar moved only slightly to close at Y218.40 on Bank the story of Faging figures, the dollar was fixed higher at yesterday's fixing at DMI 8463 compared with Monday and its best level since fixed higher at yesterday's fixing at DMI 8463 compared with Monday and its best level since of DMI 8391 and the

day's level of DM1 8391, and there was no intervention by the Bundesbunk. Trading remained quiet shead of today's holiday in the U.S. with most currencies showing little movement.

BRUSSELS — The Belgian franceased against most currencies, despite last week's higher interest rates and yesterday's support by the Belgian National Control of the Belgian Control of

Bank, which amounted to more than DM50m. The Belgian franc

than DM50m. The Belgian france moved to BF1 16.025 against the D-mark compared with BFr 16.02 previously.

If the Bank of England, which rose the England the Conder the Bank of England the England the England the England the England the England the Conder the Bank of Figure 1978.

Tokyo—In thin trading the Conder the Same quartets at 1218.20, compared with it interns the England the Federal authorities ing at 1218.50, the U.S. unit traded within a parrow range which after the Same after throughout the day, which after the Same at the Conder the Same range that the Same th

EMS EUROPEAN CURRENCY UNIT RATES

		•					
THE	POUND	SPOT	ΔND	FC	)Ri	WARE	

July 3	spread	Close	One month	% p.z.	Three months	P.4.
J.S	2.1850-2,2236	2.2025-2.2035	0.75-0.65c pm	3.81	1.57-1.47 pm	
Canada	2.5535-2.5690	2.6665-2.5676	0.85-0.75r om	3,74	1.80-1.70 pm	2.73
MEINING.	4.421, 4.481,	4.464-4.474	24-14c pm	6.03	6-5 pm	4.92
eng mw	64.40-65.10	84.95-68.06	20-10c om		45-35 pm	2.46
Denmark	11.60-11.72	77.7011.71-	lore pm-for dis	gar	1-3 dis	-0.68
reland -		1.0740-1.0750	45-55 pd's		100-115 dis	-4.00
W. Ger.	4.021-4.07	4.05-4.06	312-212pf pm	8.88	7%-8% pm	7.15
oriligal	107,00-108,50	107.90-108.30	30-90c dis	-6.66	120-220 dis	~ 6.29
pain	144.40-145,70	145.55-145.65	35c pm-15c dis	2.06	25pm-75dis	-1.37
TRIY	1814-1826	1824 - 1825	par.Zifre dis	~0,66	dia دائيون	-0.77
Norway	11.12-11.20	17.184-11.194	514-3140re pm	4.56	184-114 pm	4.56
TENCE	9.347,-B.427	9.417-9.424	374-21-c pm	3.50	62-53 pm	2.65
Sweden	9.32-8.41	9,394-9.404	31-11-ore pm	3.19	74-54 pm	2.66
noun .	475-483	480%-491%	433-395v nm	10.16	998-965 pm	8.14
Austria	29.55-29.90	29.80-20.85	22-12grb pm	7.08	53-43 pm	6.66
Switz.	3 62.3 68	2 KAL-2 KKL ·	41. 21.6	12 14	717_707_ soi	14 R1

Belg ar rate la for convertible francs. Financial franc 68.15-68.25c pm. Six-month forward dollar 2.67-2.62c pm; 12-month 4.50-4.40c pm.

#### THE DOLLAR SPOT AND FORWARD

	July 3	•	Close	One month	% p.s.	Three months	% p.a.
-		2.1850-2.2035	2.2025-2.2035	0.75-0.65c pm	3.81	1.57-1,47 pm	2.76
÷		2.9450-2.0515	2.0465-2.0515	1.70-1.50c pm	9.37	3.95-3.85 pm	7.42
	Canadat	85.52-85.57	85.54-85.57	0.03-0.01c pm	0.28	0.04-0.01 pm	0.12
,		2,0290-2.0310	Z.0290-2.0310	9.50-0.40c pm		1,30-1,20 pm	
	Belgium	29.55-29.59	29.55-29.57	1-3c dia		2-4 dis	-0.40
•	Denmark:	5.3105-2.5385	5.3166-5.3170	1.25-1.75ore dis		4.25-4.75dis	-3.39
•		1.8400-1.846D	1,8400-1,8410	0.80-0.70pf pm		2.15-2.05 pm	4.F6
	Portugal	48.33-49.95	48,87-49,95	35-45c die		90-130 dls	-8,82
ľ	Spain	66.09-66.18	68.15-66.18	15-25c dis			-3.93
•	italy -	829.70-840,30	829.70-830.00	3.25-4.0lice dies		8-9 dis	-A 10
	Norway	5.0890-5.0835	5.0825-5.0835	0.70-0.20ore pm		2.40-1.90 pm	
٠.	France	4,2790-4,2840	4.2790-4.2810	0.1c die-per		0.05-0.25dis	-0,14
	Sweden	4,2625-4,2865	4.2625-4.2635	0.10ore dis.0.10			0.94
	Japan	218.40-218.90	218.40-218.60	1.20-1:05y pm	18	2 90-2.75 pm	5,17
٠.	Austrie .	13.534-13.55%		4.25-3,50gro pm	3.44	13-11 pm	3,54
	Switz.	1.0565-1:6610	1.6556-1.6565	1.45-1.40c pm	10.33	4, 10-4.05 pm	9,84
	† UK, Inc	Hand and Can	ade are aubte	d in U.S. curre	ncv.	orward prem	amuir
	and disc	ounts apply t	s the U.S. do	of ton bns relic	the in	dividual curt	ency.

) ·	CURF	EN(	CY RA	TES	ES CURRENCY MOV				
	July 3	Bank rate		European Gurrancy Unit	Trify 8	Bank of England Index	Morgan Guarants changes		
	Sterling	91g 114 334 9 8 4 7 91g 104	1.29418 Unavail. 17.4779 68.1156 6.83527 2.58015 2.61618 5.51321 1072.88	0.626823 1,37093 1,50289 18,5212 40,4286 7,25356 2,52483 2,77339 6,85111 1156,80 299,095	Starling	80.9 147.0 113.9 115.7 151.5 197.9 123.0	-34.7 -8.5 -16.8 +18.7 +16.1 +2.4 +42.6 +82.3 +18.8 -7.0		
•	Yen Nrwgn, K Spanish Pés Swedish Kr Swiss Fr	7 8 61g	5.56149 85.4301 5.50415 3.14083	299.095 6,96361 90.5496 5,83397 2,87107	Yen	151.1 ighted cha tent Dece	+30.1 inges from		

#### OTHER MARKETS

July 3	E	, s	! !	Note Rater
Argentina Peso	2898-2908	1295 1322	Austria	29-30
Australia Dollar Brazii Cruzairo	1.9605-1.9646 65.66-57.56	0.8920 0.8840	Belgium Denmark	67.5.68.5 11.60-11.75
Finland Markke	8.52-8.54	3.8775-5.8795	France	9,30-9,46
Greek Drachma.	: 79.686-81.549:	36.16.37.03	Germany	4.00-4.10
Hong Kong Dollar	11,1760-11,1900 158139-164.98	5.0936-5,1028	Italy	1,800-1,825 475-485
iran Rial Kuwait Dinar (KD			Japan Netherlands	4.44.4.50
Luxembourg Fro.	64.55 64.65	29.50-29.52	Norway	11.10.11.20
Malaysia Dollar	4.7720-4-7830	2.1705 2.1720	Portugal	102-106
New Zealand Dir.				142-146
Saudi Arab, Riyal	7.34-7.44	8.5795-3.5805	Switzerland	3.60-3.70
Singapore Dollar. Sth. African Rand	1.8450-1.8550	0.8440-0.8488 ;	Yugosiavia	8.19-3.20 40-43
-		مسجدت محاسب	الترويات ووايد المتوجوات	_

Rate given for Argentina is free rate.

#### EXCHANGE CROSS BATES

aner anes palgran Francisco Sanish Krone Sanish Krone Sanish Krone Sanish Krone Sanish Sanish

ic Spain,

, ap:	July 9	PoundSterling	U.S. Dollar	Deutschem'k	Japan'se Yen	FrenchFranc	Swiss Franc	Dutch Guild'r	Italian Lira	Canada Dollár	Beiglan Franc
200	ound Steriing	0.454	2 203	4 055 1,841	482.3 218.5	9.418 4.275	3.653 1.658	4.473 2.030	1825. 828.4	2.567 1.165	65.00 29.51
	apanese Yen 1, 40	0.247 2.078	0.546 4.578	I. 8,426	118,7 v 1000.	2 322 19.57	0.901 7.590	1.103 9.294	450.1 3792.	0.633 5.534	16.03 135.1
T	rench Franc 10	1 062 0.274	2.539 0.605	4,306 1,110	511.0 181.8	10. 2.578	5.878 1.	4.749 1.225	1938. 499.7	2.726 0.703	69.02 17.80
) V	Jutch Gulider and the Lallan Life Long	0.548	9 498 1 207	0.907 2.232	263.7	2 106 5 160: 3	0 817 2.001	1. 2.451	408.0 1000.	0.574 1.407	:4.65 35.62
	anadian Dollar	0.390	0.858	1,580	187 \$.	8.669 14.49	1.425 5.619	1.742 5.881	710.9 2808.	1. 3.949	25.32 100.

EURO-CURRENCY-INTEREST RATES

The leftowing naminal rates were dupted for Loadon Maller certificates of deposit: one month 10.45-10.55 per cent; three months 10.35-10.45 per cent; six on months 10.30-10.50 per cent; one year 10.00-10.30 per cent;

July 3 Starling U.S. Dolla	Genedian Dollar	Dutch Guilder	Swiss Franc	Wast German Mark	French Franc	italian Lira	Asian \$	Japanese Yen
#8hort term: 141-145 10:e 10: 10: 10: 10: 10: 10: 10: 10: 10: 10:	919-1014 1059-11 1-1014-1145 1014-1146	713-819 816-812	5g-12 6g-14 12-13 1-11g 13 <sub>4</sub> -12g 21g-214	5-8-5-6 5-8-6-6 5-3-6-6 63-6-6 63-67-6 6-2-7-6	81g-9 81g-9 101g-1034 107g-111g 1114-111g	74. 16.17 1812.1412 1854.1434 1414.1514 1418.1812	10.2-10-6 11.1118 11.1118 1058-1054 1014-1036	213-276 314-416 414-413 517-519 618-516 5-526

Long-term Eurodolist: two years 314-1014 per cent; three years 314-10 per cent; four years 314-314 per cent; five years 314-314 per cent nominal closing stee. Short-term rates are call for starting, M.S. dollars and Canadian dollars; two-day call for guilders and Swise francs. Asian rates are closing rates 000 in Singapore.

INTERNATIONAL MONEY MARKET

## Bank of France to buy paper

The Bank of France has FRANKFURT — Interbank ing liquidity, while heavy puroffered to buy first category money rates were sharply firmer chases of Treasury bills and saving paper by tender with a value yesterday, with call money at logs certificates also contributed date for its purchases of July 3.5-560-5.70 per cent against to the right conditions.

The offer is applicable to paper 5.50-5.55 per cent and one-month maturing between July 16 and inotey rising to 5.95-5.10 per Belgian franc (commercial) and the results of the cent from 5.70-5.90 per cent. The were generally firmer, with one-month three-month rate tosse to 6.60 month denosits at 111-111 per mon July 30 and the results of the cent from 5.70-5.90 per cent. The tender will be known tomorrow three month rate rose to 6.60. The Bank's last tender of this 6.75 per cent from 5.40-6.60 per tent against 104-114 per cent against Interest rates in the Paris 6.70-6.90 per cent 12-month money market continued to money was quoted at 7.25-7.49 tharden, and while call money per tent against 7.10-7.30 per lost to 83-9 per cent previously.

month money mas to 83-9 per ROME—The supply of credit cent from 5.83 per cent and continued to tighten yesterday three-month to 93-94 per cent with three-month interbank money for the firm 9.5-94 per cent and one-month money at 113 per cent on Friday and to 93-94 per cent and one-month money at 113 per cent on Friday and to 93-94 per cent and one-month money at 113 per cent on Friday and to 93-94 per cent and one-month money at 113 per cent on Friday and to 93-94 per cent and one-month money at 113 per cent on Friday and to 93-94 per cent and one-month money at 113 per cent on Friday and to 93-94 per cent and one-month money at 113 per cent on Friday and to 93-94 per cent and one-month money at 113 per cent on Friday and the sternoon with call money duoted at 101-103 per cent and one-month money at 113 per cent money duoted at 113 per cent mone

UK MONEY MARKET

## Large assistance

Lending Rate 14 per cent (since June 12, 1979) Day to day credit remained in repayment of Monday's moderate as low as 12 per cent. short supply in the London official lending. In addition money market yesterday, and the authorities gave assistance on a note circulation and revenue large scale. This was made up transfers to the Exchequer of small purchases of Treasury exceeded Government disburse bills and a small number of corments by a small amount. Also poration bills in addition to lend further funds were drained by later on, after touching 141-15 per cent, rates eased off, with large amount, to six or the settlement of gilt edged. ing a large amount to six or

the settlement of gilt edged cent.

seven houses at MLR for repay sales.

The market was Discount houses were paying Raies in the table below are helped by banks bringing forward 131-132 per cent for secured call nominal in some cases.

balances a moderate way above loans at the start with closing farget. On the other hand there was a small net take up of 13 per cent and 131 per cent. Treasury bills to finance and the

LONDON MONEY RATES

July 3 Certificats hiterbank 1979 of deposit	Local Authority deposits	Local Auth. negotiable bonds	Finance ; ffouse Deposits	Company Deposits	Discount market_ deposit	Tressury	Eligible Benk Bills &	Fine Trade Bills 4
Overnight	1458-1458 1438-1458 1414-1413 1372-14 1318-1358	145, 146, 1412, 1418 1378, 1519 1254, 1214 1256, 1214 1319, 1256	145 <sub>8</sub> 145 <sub>4</sub> 145 <sub>6</sub> 145 <sub>6</sub> 135 <sub>8</sub> 13	14% 	167g	15 1: 15 3: 15 1: 15 3: 15 1: 15 3:	(1378-13 <sub>16</sub> )	1612 1435 1414 1418 —

Local authority and finance houses seven days' notice, others seven days' fixed. \* Long-term local authority mortgage ates nominally three years 124-12's per cent; four years 124-12's per cent; five years 124-12's per cent; four-months bank bills 134- per cent; four-months trade bills at buying rates for prime paper. Suying rate for four-months bank bills 134- per cent; four-months trade bills In table are Daying retes for one-month Treasury bills 13½-13½ per cent; two-months 13½ per cent; three months Approximate selling rate for one-month Treasury bills 13½-13½ per cent; two-month 13½-13½, per cent; and 13½ per cent. Approximate selling rates for one-month bank bills 13½-13½ per cent; two-month 13½-13½, per cent; and three-month 13½-13½, per cent; one-month trede bills 14½ per cent; two-month 14½ per cent; and three-month 13½-13½, per cent; one-month trede bills 14½ per cent; two-month 14½ per cent; and three-month 13½-13½ per cent; one-month trede bills 14½ per cent; two-month 14½ per cent; and three-month 13½-13½ per cent; one-month trede bills 14½ per cent; two-month 14½ per cent; two-month 14½ per cent; three months

unrec-monte in a law Bass Bate (published by the finance Houses Association) 13 per cent from July 1, 1979. C'earing Finance House Association 13 per cent from July 1, 1979. C'earing Finance House 14 per cent Benk Bette for small sums at earen deve notice 114-12 per cent. Clearing Bank Rates for leading 14 per cent Bank Bette for small sums at eacount 13 3295 per cent.

## trading

Gold spent a very quiet day in the London bullion market yesterday and closed unchanged from Monday at \$2813-2824. The metal opened at \$2811-2824 and trading for most of the day took place within a very narrow spread of just \$1. The Krugerrand's premium over its gold content narrowed slightly to 3.15 per cent from 3.32 per cent. In Paris the 121 kilo bar was

Gold	Bullion (fine (	DURCES
Close	.!\$281 <b>4</b> ,-2821 <sub>2</sub>	
	(£128.8-128.4)	(£128.6-128.9
Opening	. \$281 ig-282 i	\$28114-282
	(2128.7-129.0)	
Morning	5281.80	\$282.20
fixing	(£128.852)	(£129.067)
Afternoon	8281,35	\$282.50
fixing	£(126_178)	(£128,907)
Gold	Coins, domes	tically
Krugerrand	\$290-292	\$2901g-292
	(£1312-132 <u>1</u> )	4£1321g-183
New	\$7234-7454	37212.7412
Sovereigns Old	(£33-34)	(£33-34)
Old _	\$88-90	\$8754-89%

Sovereigns (£40-41) Gold Coins, Internationally Krugerrand. 5290-292 Rrugerrand, \$290.892 | \$2901-2921a | \$1524-135j; New | \$721-741a | \$721-741a | \$2000-2000 | \$88.90 | \$271-993 | \$2000-2000 | \$88.90 | \$271-993 | \$2000-2000 | \$2000-2000 | \$400.41) | \$2000-2000 | \$400.405 | \$200.222.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 | \$223.228 |

fixed at Fr40,500 per kilo (\$294.04 per ounce) compared with Fr40,700 (\$295.51) in the morning and Fr40,150 (\$293.14) on Monday afternoon. In Frankfurt the 121 kilo bar was fixed at DM16,735 per kilo (\$282.13 per ounce) against DM16,685 (\$282.37) previously.

MONEY RATES ...... 11.5-11.75 ...... 10.25 GERMANY

DRAWING

At drawings made in June 1979, in the presence of a Notery Public in Stockholm, Deposit Certhicates in respect of Bonds of THE GERMAN REICH 4% (FORMERLY 6%) EXTERNAL LOAN
OF 1930 (the "Match Loan")
totalling US\$609,400 were drawn for redemption as at the 15th July 1979.
Lists of cartificates drawn can be obtained at Lazard Brothers &
Co., Limited, 21 Moorfields, London ECZP 2HT.
The certificates are payable on the condition given in the certificates as from the 15th July 1979 at any of the offices of Skandinaviska Enskilde Banken and Gotabanken as well as at the offices of the other Paying Agonts.

Banken and Gotsbanken as well as at the offices of the other Paying Agonts.

No interest will be paid as from 15th July 1979 on cartificates drawn. Certificates presented for redemption shall be accompanied by all the interest coupons which are not yet due for payment as well as by the talon. Otherwise, an amount equivalent to the missing coupons will be withheld. The holder of a certificate which has been drawn will receive on its redemption a voucher in respect of the right attaching to the certificate to receive "Funding Bands" when issued.

Any of the drawn certificates held on behalf of residents in the United Kingdom should be lodged between the hours of 11 am and 2 pm (Saturdays excepted) for payment through an Authorised Depositary in London with Lazard Brothers & Co., Limited, 21 Moorfields, London ECZP 2HT, from whom listing forms may be obtained. Certificates cannot be accepted through the post.

NEW BULCH KASAP COMPANY LIMITED Coupon No. 41 from Ordinary Share Warrants to Bearer and Coupon No. 26 from Deferrad Share Warrants to Bearer of the above metitioned Company may now be presented to National Westminster Bank United. Stock Office Services. 5th Floor. Drapers Gardens. 12, Throgmorton Avenue. London EC2P 2E5, for payment on or after the 5th July 1979 at the rate of 15.7.36 per Ordinary Share and E0.22 per Deferred Share.

United Kinydon: Income Tax at the rate of 30% will be deducted unless the coupons are accompanied by an appropriate Inland Revenue declaration.

**CLUBS** 

EVE has outlived the others because of a policy of fair play and wales for money. Suppers from 10-3-30. Disco and Top Musicians, exciting Floor Shows-Glamprous hostesses. 189, Regent St. 734 0357. GARGOYLE 69. Dean Street, London, W.1. NEW STRIPTEASE FLOORSHOW "AS YOU LIKE !! 11-3.30 am. Shows at midnight and 1 am. Mon.-Pri. Closed Saturdays, 01-437 6455.

UNITED PLANTATIONS BERHAD (Incorporated in the States of Malaysia) MOTICE OF DIVIDEND

TRAVEL

CHUG THROUGH THE CHILTERNS on a colourlul canal boat. Bridgewater Fasts, Berkhamstead (04427) 3715

preceding the Conversion Date. All Ordinary Shares of 25p issued by way of conversion will be credited as

fully paid and will rank pari passu and form one class with the Ordinary Shares of 25p of the Company in issue on the Conversion Date. They will rank for all dividends and for other distributions in respect of the financial period current at the Conversion Date, but not in respect of any earlier financial period or periods. Application will be made to the Council of The Stock Exchange for the Ordinary Shares of 25p arising on conversion to be admitted to the Official List.

**Allied Irish Banks Limited** 

As normal postal services in the Republic of Ireland may not be resumed for some time, the undermentioned Notice to holders of the 10% Convertible Unsecured Subordinated Loan Stock, 1985 is, with the consent of the Trustees of the Stock, being published in lieu of posting.

THIS NOTICE IS IMPORTANT. If you do not understand the contents you should consult your Stockbroker, Bank Manager, Solicitor, Accountant or other professional adviser. If you have sold your Convertible Unsecured Subordinated Loan Stock, 1985, please hand this notice to the Stockbroker or Bank through whom the sale was effected for transmission to the purchaser.

10% CONVERTIBLE UNSECURED SUBORDINATED LOAN STOCK, 1985.

the Company. Accordingly, the adjusted basis of conversion is as follows:

adjustments provided for in the above-mentioned Condition of the Trust Deed.

aggregated and sold and the net proceeds distributed to the persons entitled thereto.

The purpose of this communication is to remind you, as required by the Trust Deed constituting the abovedescribed Stock of the Company that, as a holder of the Stock, you will have the right exercisable at any time in the month of July, 1979 by giving notice ('Notice of Conversion') to the Company to convert your Stock,

or any part thereof in amounts or multiples of IR£1 into fully paid Ordinary Shares of 25p of the Company.

At the Annual General Meeting of the Company held to-day, the Shareholders approved a Capitalisation Issue of ONE New Share of 25p for every TWO such Shares held at close of business on 8th June, 1979. In

accordance with Paragraph (L) of Condition 6 of the Trust Deed as endorsed on the Stock Certificates, the Conversion Rate must immediately be adjusted to take account of the increased number of Shares on issue by

IR [31.125 in nominal amount of Ordinary Share Capital (i.e. 124.5 Ordinary Shares of 25p)

for every IR£100 nominal of Stock and pro rata for any other amount of Stock.

If you intend to convert the whole or any part of your holding of the Stock in the current month, you must, during the month, complete the notice of conversion attached to the side of your Stock Certificate in accordance with the instructions thereon and send it together with the Stock

THE MANAGER, TRANSFER OFFICE, REGISTRAR'S AND NEW ISSUE DEPARTMENT, ALLIED IRISH BANKS LIMITED, P.O. BOX 96A, 7 12 DAME STREET, DUBLIN 2. Fractions of Ordinary Shares arising on conversion will not be issued to converting Stockholders but will be

Not later than 14 days after the 31st July, 1979 (the 'Conversion Date'), following the cancellation of the Stock the subject of the Conversion Notice, Ordinary Shares of 25p arising on conversion will, as at the Conversion Date, be allotted to you or to the person or persons in whose favour a form or forms of Nomination has have been duly completed. (If it is desired to nominate some other person(s) as the allottec(s) of the Ordinary Shares

application should be made to the Manager, Transfer Office, Registrar's and New Issue Department, Allied Irish Banks Limited, P.O. Box 96A, 7 12 Dame Street, Dublin 2, for the appropriate form(s) of Nomination). Subject to normal postal services having resumed, Definitive Certificates for Ordinary Shares of 25p resulting

from conversion and for any balances of Stock not converted will be posted to, or made available for collection by, the Stockholder or as he/she may request, before 28th August, 1979. Pending the issue of Certificates

Interest on Stock converted will cease to accrue with effect from the date for payment of interest last

To the extent that you do not exercise your conversion rights by 31st July, 1979 you will have further opportunities to do so in any of the years 1980 to 1985 inclusive on the foregoing basis but subject to any

The average of the dealing prices on The Stock Exchange for Ordinary Shares of 25p of the Company on 27th June, 1979 (the latest practicable date before publication of this notice) was IRL1.89. The market price of the Company's Ordinary Shares will, of course, be adjusted when dealings commence on the 16th July, 1979 in the new Shares arising from the Capitalisation Issue.

This notice is issued by way of reminder only and is not to be read as a recommendation to convert or otherwise.

Yours faithfully, D. B. Motyer,

Registered in Ireland Number 24173.

Notice to the holders of

Citicorp Overseas Finance

Corporation N.V.

U.S. \$100.000.000 63% Guaranteed Notes Due 1980

U.S. \$200,000,000

7% Guaranteed Notes Due 1981

Unconditionally guaranteed by

**OCITICORP** 

Citicorp Overseas Finance Corporation Limited (the

"Company") has assumed the obligations of Citicorp Overseas Finance Corporation N.V. ("COFC"), effective July 2, 1979, in respect of the 62% Guaranteed Notes Due 1980 and the 7% Guaranteed Notes Due 1981 (the "Notes")

issued by COFC under a Fiscal Agency Agreement (the

"Fiscal Agency Agreement") dated as of October 15, 1977 among COFC, Citicorp and Citibank, N.A. The assumption

was made pursuant to Paragraph 7 of the Notes by Amendment No. 1, dated as of July 2, 1979, to the Fiscal Agency

New Note certificates will not be issued to reflect the assumption by the Company, and the Guarantee of Citicorp will remain in effect. The Notes Due 1980 and Notes Due 1981, as obligations of the Company, have been admitted to the Official List of the Stock Exchange in London.

COMPANY NOTICES

transfers will be certified against the Register.

To: The Holders of the

Dear Stockholder,

SOCIETE INTERCOMMUNALE BELGE DE GAZ ET D'ELECTRICITE

Registered Office: 3:4 Foster Place, Dublin 2.

Société Anonyme Registered Office. place du Trône 1. Brussels

CAPITAL INCREASE 1979
RESULTS OF THE OFFER
FOR PUBLIC SUBSCRIPTION
The offer for public subscription of
the 3.428,510 new shares of no par
value reserved in the proportion of
3.392,400 to holders of the 20,354,400
old shares and 36,210 to the members
of the staff according to the decisions
of the extraordinary General meeting
of shareholders of 27th April 1979)
has been closed on 8th June 1979.
The 36,210 shares reserved to the
members of the staff have been fully
subscribed. On the 3.392,400 shares
reserved to old shareholders, 3.279,400
shares have been subscribed without
delivery of fractional shares, i.e.
10.378,000 preference rights non
extribed which would have enabled
to rubscribe it 153,000 complement
to rubscribe the 153,000 complement
to fractional shares, i.e.
The 378,000 preference rights non
extribed which would have enabled
to rubscribe the 153,000 complement
to first the form of scrip certificates for mider
devices which would have enabled
to rubscribe the 153,000 complement
of 810,000 on the Brussels Stock
Exchange and of 142,020 on the
Antwerp Stock Exchange, and on
friday 22nd June 1979 in the proportion
of 810,000 on the Brussels Stock
Exchange and of 142,020 on the
Antwerp Stock Exchange, and on
friday 22nd June 1979 in the proportion
of stock exchange. These scrip certificates will allow
to subscription, one new share
for six subscription, one new share
for six subscription, one new share
for six subscription rights. They ought
to be particular to the condimentary
subscriptions, latest on the 29th June
1978 at the pay offices of the BankOUE
BANQUE BANQUE BELGE POIR
L'INDUSTIE BANQUE BELGE POI

INTERNATIONAL DEPOSITARY
RECEIPTS (10R)
Issued by Morson Guptanty Trest CY
of New York
representing Ordinary Convertible
Classe C Shares of Brascan Limited Classe C Shares of Brascan Limited

A distribution of USSO.35 per
depositary share less any apolicable
taxes and free will be payable on
and after July 31. 1979 uson presentation of coupon no. 10 at any of
the lollowing offices of Morgan
Guaranty Trusc Cy of New York.

—New York IUSA). 30. West BroadErussets. 35. avenue des Arts
—Antwers. 82. Frankrijkiel
—bondon. 35. Lombard Street
—Antwers. 82. Frankrijkiel
—bondon. 35. Lombard Street
—Frankrijk. Bode Vendeme

Lândstrasse. 6
—Aulich Stockerstrasse 35
and at Banque Générale du Luxembourg. 14, rue Aldringen. Luxembourg.

NOTICE IS HEREBY GIVEN that the Registers of the Debenture Stocks will be CLOSED from the 14th to 27th July 1879 BY Order of the Board. J. TODD, Secretary.

WALTER JAMES FLYNN, please ring.
Aussle Denals Eliett, I am in the
Tower Hotel. Phone 01-481 2575.

PERSONAL

### LEGAL NOTICES

THE ROYAL BANK OF CANADA (Plainill)

and

HAROLD S. SIGURDSON

as Receiver-Manager of International
Hydrodynamics Company Ltd.,
INTERNATIONAL HYDRODYNAMICS
COMPANY LTD.

THE PENINSULAR AND ORIENTAL
STEAM NAVIGATION COMPANY,
and the "PISCES V" and all others
interested in the vessel "Pisces V".
(Defendants)
Pursuant to the order of the Honourable Mr. Justice Collier of the Federal
Court of Canada made 18 June, 1979,
the vessel "Pisce V", which has been
arrested in the County of Vancouver, in
the Province of Brisish Columbia, 1s to
be sold by auction by way of sealed
tenders on 17 July, 1979.
The vessel "Pisces V" is no be sold as
is, where is, with all faults as she now
ites without any ellowance for deficiency
in length, weight, quality or any defect
or error whetsoever, particulars not
guestanteed, and subject to an existing
seizure for Customs and Excise.
The vessel "Pisces V" is currently
under seizure by Her Majesty's Department of National Revenue, Customs and
Excise for Canada, and the purchaser
must remove the vessel "Pisces V" from
Canada within 90 days of the date of
execution of the bill of sale by the
Marshal, it is understood by the
Marshal but not werranted or represented by the Marshal that upon export
of the vessel "Pisces V" from Canada
within the said period of 90 days the
vessel "Pisces V" and be released from
that seizure.

The amount of the offer to purchase

within the said period of 90 days the vessel Pisces V' shall be released from that seizure.

The amount of the offer to purchase shall be tendered not only on the Pisces V' but also in respect of spare parts, a list of which may be obtained from the Marshal.

The sealed offers shall be addressed to the Sheriff of the Province of British Columbia, ex officia Marshal of the Federal Court, and each sealed offer shall be accompanied by a deposit in cash or by certified cheque payable to the order of the Minister of Finance, equal to ten per cent of the offer. Sealed offers to purchase must be delivered to the Marshal on or before 4.00 o'clock on 13 July, 1979. The sealed offers shall be opened at 1.00 o.m., Tuesday, 17 July, 1979 in open court at the Federal Court of Canada, 7th floor. Pacific Centre. Vancouver. B.C.

The highest offer to ourchase shall be accepted unless that offer be less than the appraised value of the vessel Picces V'.

The ourchase price is to be paid in cash or by certified cheque payable to the Minister of Finance, by 4.00 p.m., Friday, 27 July, 1979. The Marshal shall return the deposits of unsuccessful tenderers within 48 hours of the opening of the tenderers' offers to purchase.

NOTICE TO CREDITORS OF THE VESSER YEARS AND THE COURT AND THE COURT

NOTICE TO CREDITORS OF THE VESSEL 'PISCES V'

VESSEL 'PISCES V'

A'I claims against the vessel 'Pisces
V' must be filed in the Vancouver
Registry of the Federal Court of Canada
by affidavit on or before 1 September,
1979 and eny creditor filting such an
affidavit and any parties to this action
may cross-examine the makers of any
such affidavit and may make an application to the Federal Court to dispute any
claim filed, but such application shall
not be fired leter than 15 September,
1979.

not be free little blant to the property of all claimants in rem against the vessel "Pisces V" to the proceeds of the sale paid into court and all ouestions respecting priorities are Arthor Pickering.

Deputy Sheriff, For Marshal, Province of British Columbia.

### **PUBLIC NOTICES**

CLWYD COUNTY COUNCIL £1,000,000 Bills Issued 3rd July 1979 dul 2nd October 1979 at a 1989 of 134"a. Total applications £5.500.000.
Total outstanding £3.000.300.

GRAVESHAM BOROUGH COUNCIL

550,000 Bills maturing on 3rd October
1979 were offered and issued on 4th
July 1979 at an average rate of
15 23-64% p.a. Total applications for
this issue amounted to £5,500,000 and
these are the only bills in Issue.

30

## Steadier early Wall St. on technical factors

INVESTMENT DOLLAR PREMIUM

\$2.60 to £1—25{% (27%) Effective \$2.2030 6{% (6{%) AFTER MONDAY'S broad re-treat on oil worries, Wall Street eased a shade further at the outset yesterday, but subsequently hardened to leave gains holding a slight lead over declines at mid-session. The Dow Jones Industrial

Average, down 8 points the pre-

Closing prices and market reports were not available for this edition.

recouped an initial fresh loss of cents to rule unchanged on the overnight level at \$57.86. Turnover decreased to 19.54m shares from Monday's 1 pm figure 0.24 to 199,23 at 1 pm. Volume of 21.72m. 2.05m shares (2.25m).

improvement to technical factors. most active Amex issue, adstating that most investors wishing to sell ahead of the Fourth of Commercial receded 11 to 810]. stating that most investors wish-July holiday did so on Monday and early yesterday morning.
There was little reaction to the Commerce Department reports, announced Monday, of a 3 per

cent rise in new orders for manufactured goods in May and a 2.2 per cent increase in construction spending.

Fell 10.7 to 1.607.9 at noon, while Bundesbank would not but Pont gained \$1 to \$41 and Oils and Gas receded 25.1 to credit reins after all.

**NEW YORK** 

Abbott Labs ....

AM International Adobe Oil & Gas. Aetna Life & Ca...

Air Products. ...

Alcan Aluminium

Asarco . ... Asaland Oil...

Luto Data Pro. . AVC...... Avco...... Avon Products...

Baker Int..... Balt, Gas Elect Bangor Punta .... Bank America....

Bect n Dickinson 35 Bell & Howell . ... 17

Brit. Pet ADR.... Brockway Glass. Brunswick......

Canadian Pacific
Canal Randolph
Carnation
Carrier & Garnation
Carter Hawley
Caterpillar Tract
CBS ....
Celanese Corpn.
Central & S.W.

Central & S. W. ...
Certainteed...
Cessna Aircraft...
Champlon Inter ...
Ch'ae Manhattan
Chemical Bk. NY
Chessbr'gh Pond
Chessie System...
Chicago Bridge...
Chrysler .....
Cinc. Milacron...
Cities Service......
Cities Service......
City investing...
Claveland Cliff.

Amer. Airlines...; 11
Amer. Brands..... 59½
Amer. Broadc st. 40%
Amer. Can.... 39
Amer. Cyanamid; 25
Amer. Dist. Tel... 21½
Amer. Elect. Pow 21¼

Last week, the company cited speculation of a possible bid for the company for unusual activity in its stock. Caesar's World lost ! to \$27!.

The company said it could have a net loss for the fourth quarter because of charges related to its hotel/casino in Atlantic City.

Exxon. off ; at \$55], stated that
the FTC believes its proposal to
acquire Reliance Electric " gives rise to serious anti-trust con-cern." Reliance Electric slipped 1½ to S523.

vious day, was 0.35 harder at on Monday, picked up 12 to \$20. \$34.39 at 1 pm, after further slipping to \$32.51 at 11.00 am. The NYSE All Common law. to halt Paccur's proposed tender offer for Harnischfeger may mean the end of the Paccar bid.

THE AMERICAN SE Market Value Index managed to recover

Resorts International "A," the

G.A.F. ... ......

111,

1073

A widespread decline occurred in beavy dealings yesterday morning following the holidaylengthened week-end. The Toronto Composite Index

Johns Manville

243a

Liggett Group. ... 6412

Liggett Group. 84!2 3514
Lilly (Ell). 553. 153. 1553.

McDermott ... 19
McDonneil Doug 24-5
McGraw Hill ... 24-1
Memorex ..... 29-16
Merrill )

McGraw Hill ... 2412
Memorex ... 2916
Merck ... 6512
Merrill Lynch ... 1776
Mess Petroleum 6214
MGM ... 21
MInn Ming & Mtg 5614
Mobil Corpn ... 5914
Monsanto ... 50
Morgan J. P. 4818
Motorola ... 4515
Memore Cit 5715

Nat. Distillers....
Nat. Service Ind...
National Steel...
Natomas ......
NGR....
New England E...
New England Te.
Ningara Mohawk
Ningara Share...
N. L. Industries...
Norfolk & Weat'n
North Nat. Gas...
Nthn. States Pwr
Nthwest Airliner
Nthw'st Bancorp
Norton Simon...

Norton Simon.... Occident i Petrol

Overseas Ship....

Owens Snip....
Owens Corning..
Owens Illinois....
Pacific Gas..
Pacific Gas..
Pacific Highling.
Pac. Pwr. & Ltg..
Pan Am World Ar

Pacific Lighting. 23\*s.
Pac. Pwr. & Ltg. 20\*s.
Pan Am World Air 5-s.
Parker Hannifin. 26\*a
Penn. Pwr. & Ltg. 19\*s.
Penn. Pwr. & Ltg. 19\*s.
Penney 11, C. .... 29\*a
Pannwait .... 31\*a
Pennzoi. 40\*s.
Peoples Drug. 10\*s.
Peoples Gas. 35\*s.
Papsico .... 24\*s.

Perkin Elmer ... 2914
Plizer ... 2014
Phelps Dodge ... 24
Philadelphia Ele ... 15
Philip Morris ... 33 28
Phillip Morris ... 35 28
Phillip Petro m. 38
Pillisbury ... 351:
Pitney B@wes ... 271s
Pittston ... 243;
Plessey Ltd ADR. 223;

May Dept. Stores 2654

Merck ? to 866; while IBM were unchanged at \$72?.

CIT Financial rose 3; to \$43;. treated 2.02 to 236.91, but Banks gained 1.40 to 307.53. Aliarco Developments, the

Milarco Developments, the most active Toronto Issue on 80.000 shares, climbed 61 to CS521. Carma Developers said it will make a cash offer on the Toronto Exchange for 300.000 Allarco shares at a price of CS521.

CS524.
Falconbridge Nickel "A" declined CS2 to CS65, Hudson's Bay Oil also CS2 to CS74 and Hone Oil "A" 14 to CS67.

Germany

With heavy foreign institutional buying of leading stocks taking place, the market staged a good rally yesterday. The strong buying was apparently stimulated by the relatively low prices of many well-known West German stocks

and left the Commerzbank Index up 11.4 at 733.6. Besides bargain-hunting, some observers cited a number of other factors market shead. factors sourring the

They said that the Bundesbank's failure to tighten credit last week after what were considered veiled public warnings by Central Bank President Ofmar Emminger boosted shares, with investors thinking the Bundesbank would not pull the

July 2

Royal Dutch...... 7514 RTE ...... 101a

Scott Paper.....

Scovil Mrg...... Scudder Duo Cap

Southern Railly's 53-8
Southland 53-8
Sw't Bancshare 223-1
Sperry Hutch 45-9
Squibb 31
Standard Brand 45-9
Std. Oil California 48-9
Std. Oil Indiana 55-9
Stauff Chemical 20
Starling Drug 15-9
StorageTechnigy 17-8
Studebaker Wor, 26-9
Sundstrand 27
Super Valu Store 55-5
Syntex 35-5
Syntex 35-5
Syntex 35-5
Syntex 35-5
Syntex 35-5
Sperry Studebaker Wor, 26-9
Sundstrand 27
Super Valu Store 55-5
Syntex 35-5
Syntex 3

Technicolor .....
Tektronix ......
Teladyne ......
Tolex ......
Tenneco .....

Texas Eastern...
Texas Oil & Gas...
Texas Utilities...
Times inc....
Times Mirror...
Timken.......
Trans......
Trans.......
Trans........
Trans.........

Triton Oil & Gas.
TRW.
20th CenturyFox
Tyler
U.A.L.
UNC Resources
Unilever
Unilever NV...

20:: 5:a 263: 281: 29:3 415a

Tesore Petr'leum 1578 Texaco ..... Texasguif ....... Texas Eastern....

Jun 29

Other observers thought the after sales of DM 10.6m on currently preventing the Austromomination of Franz Josef Monday. Mark Foreign Bonds tralian sale of uranium to the Strauss, Conservative Prime gained up to 50 pfennigs.

Minister of Bavaria, as the 1980 candidate for Chancellor of Germany representing both centre-right parties boosted the stock market. Strauss is seen as a forceful, if controversial. Conservative candidate, whose election could be regarded as favourable for business. Internationally-known shares

registered sharp rises, with Volkswagen gaining DM 6.50, Deutsche Bank DM 4.20, BASF DM 2.30 and Bayer DM 1.10, Market sources said Volkswagen's rise came on the eve of company's annual meeting in Berlin today where Volks-wagen chief Toni Schmucker is expected to announce full details of a DM 5.6m investment programme and possibly disclose Also moving Utilities upward was expectation that the West German Government would announce an energy-saving programme today which could

Utilities in developing alternative energy sources and energy-saving processes.
On the Domestic Bond market. interest concentrated on the new Federal Government Loan, with operators expecting a smooth placement. Older Public Authority issues rose by up to 20 pfennigs and the Bundesbank

sold DM 32:1m nominal of paper

Stock

CANADA

BP Canada...... 285a

Pan CanPetrol m 59 Patino \_\_\_ 122

Pan CanPetrol m 59
Patino 22
Place Gas & Oil. 3.40
Placer Oeveloo't 523
Power 2-prn. 153
QuebecSturgeon 2.50
Ranger Oil. 304
Reed Stenhouse. 10
Rio Algom. 57
Royal Bk. of Can 413
Royal Trustco. 17

Sceptre Res urce

2314 . 231A

38 4 24 1

Genstar.... 234 GiantYell'wknife II

GuirOilof Ganada Hawker Sid. Can. Hollinger..... Home Oil A.... Hudson Bay Mng. Hudson Oil & Gas I.A.G....... (Masco/Com.Stk)

Tokyo

Market retained a firming market retained a firming tendency in fairly active dealings, with the Nikkei-Dow Jones Average adding 19.94 at 6,303.08 and the Tokyo S.E. index 1.28 at 448.89. Volume came to 350m shares, compared with Monday's

360m. Brokers said, however, that Brokers said, however, that there was "no sharp focus" in Tuesday's trading, with profittaking occurring in some sectors. Investors were cautious, watching how the latest crude price increases by the Organisation of Petroleum Exporting Countries will affect the market. Steels and Heavy Electricals were in demand on anticipated good earnings prospects. Trading Houses, Chemicals, Textiles and Foods were also favoured,

Houses, Chemicals, Textiles and Foods were also favoured, while buying interest revived in export-orientated Light Electricals.

Nippon Steel put on Y3 to Y128, Sumitomo Metal Y4 to Y124, Sony Y30 to Y2,070. Ploucer Electronic Y20 to Y2,030, Mitsubishi Y24 to Y504, Mitsui Y8 to Y323 and Toyota Molor Y9 mean more business for the YS to Y323 and Toyota Motor Y9

In contrast, Canon declined Y9 to Y531, while Shipbuildings finished lower on profit-taking.

Stock prices were mixed to lower in moderate trading, with Saudi Arabia's proposed oil out-put increase a positive factor but Wall Street's overnight fall and the French franc's weakness against the dollar and sterling adversely affecting sentiment.

Banks, Mechanicals and Stores generally improved, but Motors, Electricals, Metals, Oils and

Credit Foncier were up 6 per cent, but Fraissinct contrasted with a fall of 7 per cent.

Australia

GERMANY +

Uranium issues continued to move ahead strongly yesterday, still fortified by British Prime Minister Margaret Thatcher's reassurance that the difficulties

exclude \$ premium. Belgian dividends are after withholding tax.

\$ DM 50 denom. unless otherwise stated, yields based on net dividends The Stated.

DKr 100 denom, unless otherwise stated.

DKr 100 denom, and Bearer shares unless otherwise stated. Typo denom unless otherwise stated. Price at time of suspension. a Florins. b Schillings

Pancontinental advanced Pancontinental a dva a n c ed another 90 cents to A\$13.60. Kathleen Investments closed 25 cents higher at A\$3.65 for a two-day rise of 45 cents, while its parmer in the Nabarlek project in the Northern Territory, Queensland Mines, rose 28 cents more 10 A\$3.50. more to A\$3.50.

The Oils sector, after its recent buoyant performance, was some but closed firmer for choice Magellan Oil reacted 10 cents to AS2.90, but other companies con nected with the Mercenie project in the Northern Territory were higher,

in earlier trading, a builish statement from Prime Minister Malcolm Fraser saw the Oil Malcolm Fraser saw the Oil Shale twins move well ahead, but their gains were later whittled away as traders pondered the couple's As4m share placement announced on Monday Central Pacific Patroleum were finally 20 cents easier at AS14.80 and Southern Pacific and 4.80 and Southern

Pacific a net 4 cents off at A\$6.06 Market leader BHP, having risen 62 cents over the past two business days on its oil drilling interests, met a good deal of profit-taking and receded 26 cents to AS9.30.

Johannesburg

Diamond leader De Beers extended Monday's strong rise of 17 cents to close 8 cents higher at R8.45 on unconfirmed market talk of favourable prospects for a new mine in South Africa. Interest was mainly local. Golds were quietly mixed, while Mining Financials were mainly little changed. Coppers

and Platinums lost a few cents in

Hong Kong

After Monday's holiday closure, the market was in easier mood yesterday in quiet trading with operators nervous following the OPEC meeting in Geneva and on continuing fears of an expansion of loan demand. The Hang Seng index shed 3.41 to 535.91.

c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross div. 2., h Assumed dividend after scrip and/or rights issue. k Alter local taxes. m 25 tax fee. n Francs including United div. p Nom. q Shere split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. Asked. only. y Merger pending. Asked.
† Bid. § Traded. ‡ Seller. z Assumed.
ar Ex nghts. xd Ex dividend. xc Ex
scrip Issue. xa Ex all. A Interim since
increased.

Indices

<u> </u>				( · · · · · ;	-:19	79,	Since Co	TO BERCH
	July 2	June June 29 26	June June 27 25	June 25				Low
	834.04	841 98 845,04	840,62 887.68	844.25	878.72	197.00	1051,78	43.22
'nds	85,78	25. 0 65,25	85.70 SF.85	25.35	65.58 (2/2)	(8/5)	(เกเมะ)	, <del></del> .
		242.26 242.88				285.73 (27/2)	273,31 (7,2,68) (163,32	12/160
 : vol	١,	105.45 105.55	105,48 1 65,28	· · ·	(18/8)	(35,6)	(5014129)	(28,4 N

32, 170 -34,840 38,540-36,789 34.1 ♦ Day's high 840.61 low 830,46

								- :		
Ind. div. yield %			. Ju	ne 29	Jun	e 22	June	15 Y	er zgo	(appp
				5.72	5.	37	. 6.01		5.7	<b>z</b>
STANDARD	AND P	oors		N			 		<u>~</u>	- 4
					1		I9		¥irice(C	
	2	29	28		20.	. <b>7</b> 0	i Man		High	
indust'is	115.05	114.14	115.89	115.40	112.76	1   8-25	(11 <b>0.69</b>	187.0 (27/2	CITITI	1 8 SA

Composite 181.95 102.91 1	D2_80 102_27	101.65 102.0	(10/4)	2.2) (11/1/G) (1
	June 20	June 13	June 6	Year age (ap)
ind. div. yield %	5.50	5.24	5.26	5.09.
Ind. P/E Ratio	7.91	7.96	7.92	9.11
Lor Gov. Bond Yield N.Y.S.E. ALL COMMON	8.87	8.81	- Diesero	8.52 nd Falls y 2 June 25 du

ind. div. yield %	5.50	5.24	5.25	5.07.
Ind. P/E Ratio	7.91	7.98	7.92	9.11
Lor Gov. Bond Yield	8.87	8.81	8.95 Rises 20	8.52 d Falis
N.Y.S.E. ALL COMMON	1979		July	2 Jupa 25 du
July June June June —	igh i Low	Issues Tra	ded . 1,88	2 1,871 1.1 7 747
	38 53.88	Falls	1,09	

		1 20
MONTREAL		1979 💥 🦙
	July June June June 2 29 28 27 Righ	Low.
industrial Combined	(g) 279,19 276,56 277,26 279,19 (29/5) (c) 275,15 274,42 275,52 275,18 (28/5)	278-18 (27) 275,89 (27)
TORONTO Composite	(c) 1818.4 1814.4 1811.6 1818.4 (25/6)	1875,4 (2/1)
JOHAN KESBURG	288.0 285.4 509.5 305.4 588.4 (25/6)	228.4 (12)6

ORUM.	10 .	50 III. P 5								•		•
MAHO	Go	BURG Id Iustriai	1	288.0 807.4	295,4 509-T	309.5 310.9	305.4 891.1	- 90s	. ) (25/1 0.0 (23)	n 5)	228.4 278.5	(12) (27)
		July 3	Pre- vious	1979 High	1979 Low			- !	July	Prev-	} 1979   High	
ustralis	(T)	581.50	588.21	597.60 (19/3)			<b>e</b> fn		87.55			
elgium	C)	108.29	106.04		98.80	l Sw	/eden	(e)	550.2E	<b>531.15</b>	101.	1 2

Japan (a) 448.83 447.80 652.97 (51/1):

Indices and base dates (all base values 100 except NYSE All Common-50: Standards and Poors—10: and Toronto 300—1,000: the last named based on 19751. I Excluding bonde-1400 Industrials. \$ 400 Industrials. 40 Utilities, 40 Finance and 20 Transport. 1 Sydney All Ordinary. \$ Belgian SE 31/12/63. \*\*Coppenhagen SE 1/1/7. 11 Paris Bourse 1981. ‡‡ Commerzbank Mesa Fetrim. ..., 325,800 Occidental Ptrim. 298,000 

STOCKHOLM

**AUSTRALIA** AGA AB (Kr. 401. 157 Alfa Lavai(Kr.50 119 0.5 ASEA(Kr.50) 67 0.5 Atlas Cop. Kr25, 77:5+1.0 Billerue 58 Bofors. 111 11.65 71.75 10.27 11.85 11.70 Assoc. Minerals... -8.83 +8.81

47 185 43: 185 †0.14 †1.03 †1.90 †1.70 †1.54 †1.54 †3.40 \$1.50 \$1.50 †2.14 †3.45 Marabou Marabou Mo Och Domslo Sandvik & Kr 188 S.K.F. B' Kr 50 Skand Enskilda. Tandstik B(Kr50 -0.28 +0.02 -0.01 -8.05 Container (\$1]...
Conzine Riotinto
Costain Australia...
Duniop Rubber (50 cent)
Escok...
Elder-Smith...
Endeavour Resources...
E.Z. Industries...
Gen: Property Trust...
Hamersley...
Hooker...
ICI Australia...
inter Copper
Jennings Industries...
Johes (David)... 15.30 10.88 10.88 10.88 12.50 10.22 13.15 11.80 12.55 10.72 12.55 10.72 10.72

+0.19 +0.01 +0.06 +0.62

-0.01 -0.85 -0.05 -0.07 -0.07 +0.01

-0.01

AECI 430 -04
Abercom 2.17
Anglo-Amer. Industrial 113.50
Barlow Rand 5.68
CNA Investments 2.30 No.1
Curle Finance 0.877
De Beers Industrial 16.25
Edgars Corisol. Inv. 3.20
Edgars Corisol. Inv. 3.20
Edgars Stoces 140.00
Fed. Voltsbeleggings 1.95 -0.5
Greatermans Stoces 2.80 +0.0
Huletis 3.47 -0.5
LYA 2.15 -0.5
McCarthy Rodway 0.57
NedBank 2.50 +0.5
OK Begiers 2.50 +0.0
NCCarthy Rodway 0.57
NedBank 2.50 +0.5
Pretoria Cement 4.65
Protes Holdings 5.35 -0.0
Retto 4.66
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## FINANCIAL TIMES SURVEY

Wednesday July 4 1979

## se of Man

The Millennium may be more a publicity ploy than a serious historical event, but it attracts the holidaymakers to the island needs. While the traditional industries—agriculture, fishing and tourism—are in the doldrums, there is strong growth in both the financial and construction sectors.

THE QUEEN and the Duke of engineering. There are some Edinburgh arrive in the lake of worries at the way in which con-Man tomorrow for the climax of struction is forging shead but the island's Milienstian celebra nothing but delight at the con-tions All the year there has been solidation of the other two. rions. All the year there has been a steady stream of "royals." and leading hotabilities, such as the si leading hotabilities, such as the
R President of Malta and the
R President of Iteland, and the
King of Norway is still to come
Today, to emphasise their
Norse handage, a party of 16
In Vikings" land at Peel after row
ling in a long load from Scan
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ling invaders would have done
Actually, seven of the 16 are
In Manymen who flew over to

any our come into some sort in the eventual establishment of late, but if could have been 1.00 the Island as a low-tax centre. We wears or 900 years no one is Today there are virtually no

### Worries

The Millennium is replicated to the cur again next appearance aftracting holidaymakers to the tax centre (a move it could take island and if makes good publication is and if makes good publication is and if makes good publication is an interpretation of the second publication is a mother play. It's all good for crown dependency and not part business. The island needs make of the UK) was enhanced in tourists if it is to move ferward. 1972 when the Sterling Area countries is it is to move ferward. 1972 when the Sterling Area countries again. At the was ended and the scheduled anoment the exponent is pretty territories virtually comprised that, but this disguises important the Isle of Man, Jersey and changes which are taking place. This, move meant that in its structure.

agriculture, fishing and tourism, enormous advantages to non-are fairly flat whereas there is resident. UK nationals cial and construction sectors East or South America, for What the Isle of Man lacks, get this return, with absolute and to a lesser estant in example as well as to UK and what it would like, is a safety, by investing in the strong growth in both the finan-

The financial sector now accounts for just over 29 per cent of the Many national income, a rise of three points in the past year; manufacturing takes a 13 per cent share. Tourism once the mainstay of the economy, now lags behind these two.

Actually, seven on the 16 are sector and the growth of the financial Manymen who flew over to island's economy stems from two Norway to take part in the factors. In the 1940s and 1950s to symbolic (and highly publicity the island was a depressed area to conscious) event Norway to take part in the factors in the 1940s and 1950s symbolic (sud highly publicity the island was a depressed area conscious) event.

It is all great fun—which is double figures) and a deckining what the Millennium is. Few and women moved to the mannes of the late of Man Parliament problem in the late of Man Parliament problem in the late of Man Parliament problem in the symbol of the eventual establishment of the eventual establishment of capital taxes, income tax has been reduced to 20.5p in the pound and is strongly expected to be cut again next spring to

its structure. This move meant that Traditional industries such as the Isle of Man could offer people working in the Middle East or South America, for

the Isle of Man and companies now on the point of opening finite, thereby holding back the Isle of Man and companies now on the point of opening finite, thereby holding back Edwardian seafront, but there followed to provide the services after an 18-month gestation essential and necessary develop-

for those working abroad who period.
did not want to remit their Another important newcomer

nationals who renounced their leading foreign bank. The only British residence and established themselves on the island. Wealthy immigrants moved to merce International, which is resources were naturally not international.

ments.
There is, in the words of one

One small development has taken place this year with the addition of 39 bedrooms at the Palace Hotel on Douglas's long

## Economy ready to move

By Anthony Moreton, Regional Affairs Correspondent

salaries to the UK and thus this year has been ICFC (Isle financial have to pay UK rates of tax. of Man) a subsidiary of the "simply s The result has been the Industrial and Commercial island, an establishment on the island of Finance Corporation, not a 36 banks (with two more in the bank but an organisation which pipeline) and a large number offers a wide range of financial of companies. Last year a services. ICFC offers money in record 2,168 companies were the range of £5,000 to £2m on registered, 379 more than in first application in the form of the previous year. When liqui- unsecured loans, secured loans dations from the register were and taken into account, there was a net increase of 1,733 last year compared with 1,606 the previous year.

All the major British banks are now established on the island, and last year's new arrivals were the Northern Ireland Industrial Bank, the Northern Bank (a subsidiary of the Midland) and two smaller ones from the Irish republic, Fitzwilliam Bank and the Irish Commercial Bank.

ordinary debentures. shares, redeemable or irredeemable preference shares, and leasing facilities for development purposes.

ICFC has arrived at a strategically important moment. The Government has just repealed the Usury Act, which limited the rate of interest that could be charged on loans to 121 per cent. Because of this limitation institutions were chary about lending risk capital when they could just as easily

manager. "simply sloshing about" on the island, and the ending of this clause in the Usury Act will unlock this finance for private developments. It is possible that the repeal of this Act will have economy as the abolition of surtax did nearly two decades ago because so much capital spending is needed on the island.

This is particularly so in tourism, where if the Isle of Man is to develop new facilities, such as hotels, yacht marinas and more self-catering facilities (a very big growth area), much capital spending is essential. Douglas, in particular, still needs enormous amounts of money spent to bring its holiday facilities up to date if it is attract the

Not everyone in public life welcomes the repeal of the Usury Act unreservedly. The Manx people are a very conser-vative lot, and it is sometimes felt that the replacement of the Government by private industry as a source of capital is not something to be welcomed wholeheartedly.

There are also fears among some officials that the construction industry could become overheated if lending rises sharply. This overheating is a potentially serious problem because it is not easy to recruit new or additional workers from the mainland under the work-permit Officially, a scheme. permit will not be granted if there is a Manxman who can do the job or if there is likely either to lure the holidaymaker to be one available. This rule who now goes to the Costas or has led to some curious, and management "insurance" in its title. second-holiday sub-standard, appointments being made.

Since the island has full em- portant development has been ployment at the moment—there the setting up of a shipping are just 231 people out of work, which merely represents those changing jobs—then more work permits will have to be issued, its tax rates while at the same especially for the building time complying with British trades, if new capital projects go ahead. But this runs up regulations. It accepts that against the need to contain there will always be some population growth to acceptable owners who want to fly under limits in order that the essential character of the island is main-flags, but, it feels there are other who want to comply with

Elsewhere in the financial the strict British regulations field little progress has been and still work to lower tax made during the past 12 months levels. Given the deflated state made during the past 12 months in attracting in more captive insurance companies (companies insuring their own business). Legislation has been passed which allows the underwriting profits of captives to be free of tay the underwriting profits of looking ahead to ways of deve-captives to be free of tax loping their financial services. although investment income is taxed. Provision has also been made for the Finance Board to make an Order specifying the rate of interest at which a captive can lend back to its parent, and this has been fixed

at 5 per cent below UK mini-mum lending rate. The original intention was to homes) when the political situa- change. tion there became less stable. But what the Isle of Man has place and if the wealth that is ended up with is a situation very similar to that existing in corked then the massive im-Guernsey, except that the Manx provement in standards would Government does not allow nonresident captives. No companies have no need to look somewhat have recently registered as cap- enviously over its shoulder at tives, though this does not mean Jersey and Guernsey. The re-that some might not have come peal of the Usury Act has in since a concern only registers as such if it has the word

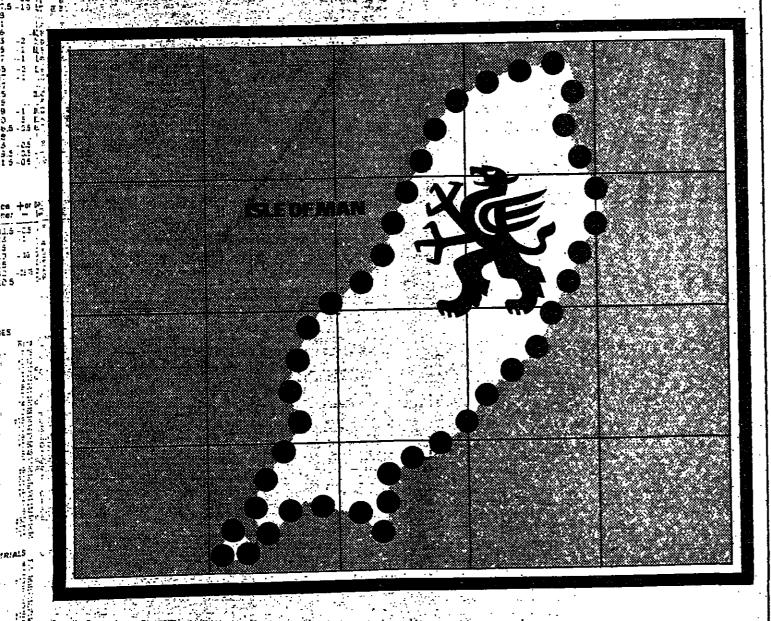
One other potentially im-

standards of safety and labour others who want to comply with

#### Wealthy

Although the economy is pretty stagnant at the moment, the Isle of Man is, in fact, immensely wealthy. Not all that wealth, however, is being translated into material standards for its people. To some extent free captives of all taxes in that is because the people do order to attract such companies not take kindly to change and from Bermuda (one of their big certainly they abnor rapid

> though, is taking Change. largely bottled up could be unmean that the island would opened the way: such change may not come in the next 12 months, but it is undoubtedly



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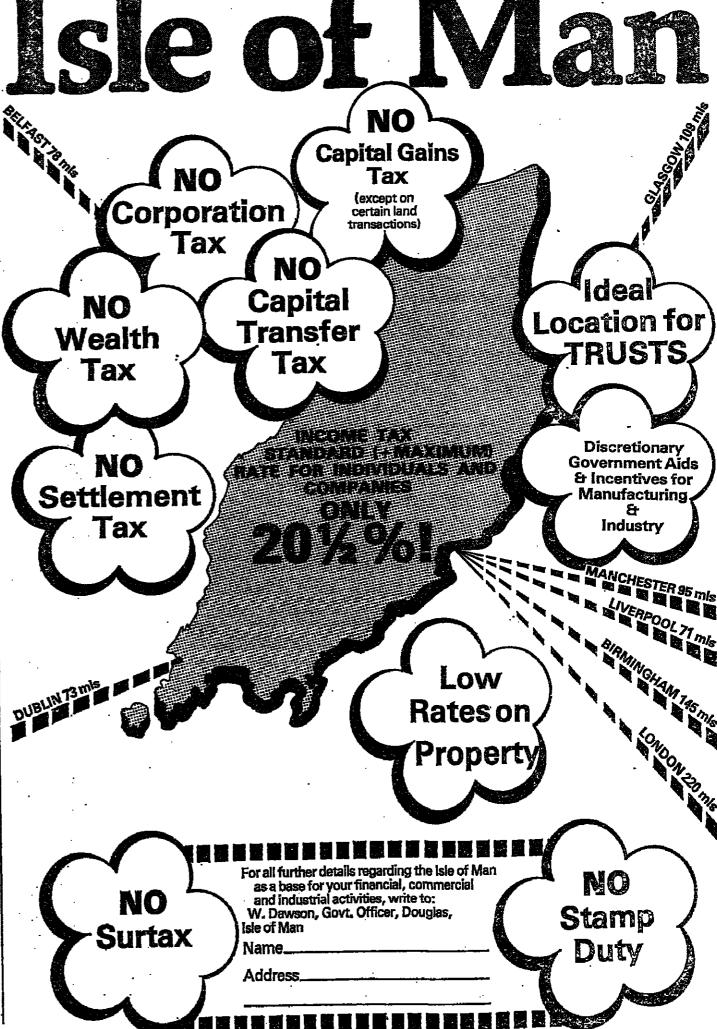
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## VAT rise angers nationalists

months, has debated at length whether it really should become

It is at loggerheads with the Rights in Strasbourg, which insists that the island parliament, Tynwald, should repeal its birching law—a punishment which continues to have the wholehearted support of most

It is also in trouble with the wald's decision last year to stop charging monetary compensa-tion amounts (MCAs) on its farmers' exports to Europe—a decision which may yet land the island in the European Court of

More immediately, there is widespread discontent with the existing form of the island's ties with London. The debate has been sharpened by the fact that the Manx people are facing an influx of newcomers in numbers which many believe threaten to swamp a still thriv-ing sense of national identity.

Since most of these problems arise directly out of the island's status as a Crown dependency, under which the Isle of Man like the Channel Islands—has almost complete domestic autonomy except for matters of international obligations, which rest with Westminster, one extreme line of argument runs that the ties with the UK should be cut

This attitude largely prompted the formation of Mec Vannin, a hard-line nationalist group which contested 10 of the 24 House of Keys (Lower House) seats at the last general election, and the appearance of the somewhat less militant Manx Nationalist party.

In the event, however, the rumblings the Manx are a conlong before doing much of any-thing, let alone leaping. (Not for nothing is "true di locar" —time enough—still a popular catchphrase on the island). So Tynwald has yet really to

decide just how far it is prepared to push confrontation with both Westminster and Brussels over European issues -under its Treaty of Rome obligations the UK has been obliged to tell the island to

modern Scandinavia and spread

as the Mediterranean, there was

It is this aspect - the law-

In the Christian calendar, this dom is St. John the Baptist's Day.

and in the ancient calendar Mid-

summer Day. It is perhaps the latter that is more significant

in relation to the Tynwald. Manx historian J. J. Kneen is

quite certain that there is a

relationship between sun-worshipping and the Manx Mid-

summer Fair, held on Tynwald Day. The Vikings were cer-tainly sun-worshippers.

There is another significant link with the sun. The oldest written instruction for the sitting of the Tynwald lay down

that the Lord of Man shall sit

on the hill with his face to the

There is also a Celtic link. Mannanin, the magician god-king who when danger or strangers approach the island

vided a link between the Viking

overlords and the conquered Celts who were trying to come

to terms with their new

Tomorrow when Tynwald

meets there will be no such

opening sacrifice. The members

masters.

east, towards the rising sun.

great significance to the island. Under the agreement the island pays the UK for some services, notably defence, and for the VAT and excisecollecting service provided by the Customs and Excise in Douglas. The net revenue goes into a common purse estimated this year to be worth £19m. But part of the deal also provides that the island must toe whatever line Westminster decides to take on VAT—and if the mainland found Sir Geoffrey Howe's new overall level of 15 per cent hard to swallow, on the island it has gone down about as well as a dose of swallowed

#### Criticisms

Finance Board, the administers finances, has just hammered out the heads of a new agree-ment with Whitehall to cover at least some of the existing criticisms of the Common Purse arrangement, the new renewed and vehement calls for

There had been long-standing pressure for change from three quarters—from those seeking greater autonomy for the island's finances in principle, and from the tourism and

Even before swingeing increase the prevailing VAT level was under heavy attack from the island's tourist industry, which considers the UK-imposed VAT level to be an unnecessary millstone around its neck and which wants the creation of duty-free facilities (a valuable offset, it is argued, to the cost of getting to the island).

The concern of the rapidly Manx Nationalists secured only growing finance sector, which one seat while Mec Vannin is now accounts for 29 per cent unrepresented underlining the of the island's income and fact that despite all the which promises probably most growth in the future, is based servative nation prone to look on appearances rather than substance. The presence of UK Customs officials, particularly VAT inspectors with the statutory right to inspect the books of all companies and individuals, is not exactly encouraging potential foreign investors attracted by the island's tax haven status-all assurances that no information is passed on to the UK authorities not-

withstanding. A Finance Board report about back down on both the birching to he presented to Tynwald will

before moving in procession

made from soil from each of

No one is quite sure why St.

John's was chosen but it seems

In Viking days it is more than likely that as the people gathered before the court there

were inevitable squabbles, so the opening of the modern St.

John's Tynwald reflects that era. The first person to speak

from Tynwald Hill is the

Coroner of Glenfaba, a Crown officer peculiar to the island-

who has very wide powers. He calls for order by "fencing" the Court, which in olden days

must have meant the Lord's men bringing order to the

While Tynwald today is a legislative body it was originally

VAT rate on the Manx people

who had no vote for the British

Government which made the

change. They will be seeking

the speeding up of the long negotiations which have been

carried on for the ending of the

Common Purse agreement which

WHILE THE POPULAR image of Man-the Queen in the Isle

of the Vikings is that they were of Man—will assemble in the seaborne raiders who descended little church dedicated to St.

from their fastnesses in what is John the Baptist for service

rape and pillage along the along a rush-strewn path to the

coasts of northern Europe, the artificial mound, traditionally British Isles and as far afield made from soil from each of

as the Mediterranean, there was the 17 ancient parishes in the another more lasting side to island, which is Tynwald Hill.

makers and traders — which the
Manx people will celebrate today when they gather at St.
John's for the open-air sitting of
their ancient Parliament, the
Transpld which was founded by
the People of the Hebridge who

their ancient Parliament, the Tynwald, which was founded by the Vikings.

brought the representatives of the people of the Hebrides who were part of the Viking king-

strangers approach the island spreads a mantle of mist over it, lived, according to tradition. on Cronk-ny-irrey-lhaa, the hill of the rising sun, and he was worshipped.

So it is quite possible that when the Viking Kings of Man and the Isles held their Tynwald on July 5 proceedings opened with a sacrifice to the sun. That would have prosents of the changed value of the changed value

of Tynwald, headed by the Lord meant the automatic application

in session

thing more innocuous, such as a "customs union" accord. So far, a Select Committee of

Tynwald set up 30 months ago has felt itself able to say that, despite a management consultanis' report commissioned by Tynwald which recommended abrogation as the course most favourable to the island economy, the Manx people at large were not in favour of such

a drastic step.

But the UK's latest VAT move has produced an uproar, one manifestation of which is the Manx Nationalists' plan to take up the islanders' right to present a Tynwald Day petition to the island's parliament tomorrow—at the Millentum Day sitting at which the Queen will also be present. It is expected to make a straight-forward demand for abrogation. Given the widely-differing

nature of the two economies, only by accident could one level of indirect taxes suit both parties. Now, Mr. Percy Rad-cliffe, the island's Treasurer, has told Tynwald that the Finance Board will have to take a long look at the new VAT rates' implications "not only in terms of increased receipts estimated at £2.9m this year, but also on additional expenditure—for example higher pay—which may cost £2-£2}m extra this year, and of the impact of a higher rate of inflation on the purchase of £400m of goods and services."

### Impact

While the Finance Board has insisted it will not be "panicked into any hasty moves," it has announced that it is considering reducing the impact" of VAT from April next year.

Just what form that help might take is far from clear. The Select Committee has already raised the zero-rating of hotel accommodation and lower duty on tobacco and alcohol as possibilities in studying the case for as against abrogation. although it has been made clear that lower duty on drinks and tobacco, and the provision of duty free facilities, are acceptable only as a possible by-product of abrogation rather than a reason for undertaking it.

Whether any substantial changes on VAT or excise duty levels can be steered through short of abrogation, however, is very much in doubt.

and MCA issues. And despite say that the financial sector's abrogated, the island, apart European agricultural output, all the problems, few expect worries at least, are about to from having to set up its own nevertheless Manx farmers now that a totally independent Isle be resolved: that the basis of revenue-collecting operations have a major competitive edge of Man will become a reality.

What is certain, however, is under which the island will lose the stability of its guarantake over the UK's tax-collecting teed share of both its own and Commission told Britain bluntly

officials are well aware that in such a small and potentially vulnerable economy the position would well be reversed.

On the basis of the Trish Republic's experience so far, the setting up of customs barriers with the UK would not appear to justify manufacturing industry's fears of higher transport and administrative costs. But the island would certainly fee the loss of other financial arrangements, such as its receipts from EEC common customs duties

Meanwhile, the birching and MCAs issues rumble on: there was some expectation, when Strasbourg ruled birching to be degrading last year, that with out any formal repeal, the island would allow the practice to die and the statute become as irrelevant as the centuries old one which once allowed "Scots and pirates" to be hanged on sight.

Certainly, no one has been birched since the Strasbourg ruling. But late last month Tynwald decided to take the issue back into Europe and to ask Britain to get the island exempted from the European Convention of Human Rights' ban on the birch.

If that doesn't work, or Britain refuses, Tynwald will probably enact legislation withdrawing from the convention and enacting its own human rights Bill. But under the present constitutional ties with the UK such a Bill would still need Royal Assent and many doubt that this would be forthcoming. It is a situation which, if the islanders decide to press their case hard, could in itself lead to constitutional confrontation

within the year.

The first clouds of controversy over the island's Common Agricultural Policy commitments gathered over the island last summer, when Tynwald stopped imposing MCAs on exports to Europe from the island's 800 farms, arguing that under the special Protocol 3 arrangements negotiated for the Isle of Man and Channel Islands on Britain's EEC entry it does not have to contribute to EEC finances (among other exemptions, it is not party to the EEC agreement on free movement of labour).

MCAs are an EEC levy, in the island's case of almost onethird, to bring farm exports up to EEC price levels. Although ery much in doubt. the island's farm output is If the agreement should be minute compared with overall

MAN IS an island which ment, a cornerstone of Manxoperations from April next year UK indirect taxes; and even if that the island was now in instance, if the Commission
particularly during the past 12 UK relations, is about to and the "Common Purse" title it is currently faring somewhat breach of the Community's free equally resolved. If would
months, has debated at length undergo changes of potentially scrapped in favour of somebetter than the mainland, market rules and as its repreBritain or the island wh sentative Britain had better do something about it. The "suggestion" has been passed down the line but the Manx government has yet to formu-

late its reply. Quite what will happen if it area in which is might have proves obdurate is a matter of to climb down. confusion in Douglas, London and Brussels-whether, for

equally resulved if would be Britain or the Island which winds up in the European dock that on this issue at least the feeling on the island is that it might indeed have over-stepped the mark and that this is one

John Griffith

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# The oldest parliament

of the higher VAT rate to the sit the members of the House Isle of Man. Then the deemsters, take over. It is their duty to proclaim to the assem-bly, in Manx and English, the laws passed by Tynwald during the past year. Until World War I this was the only Tynwald sitting at which laws could be promulgated, and while now it is only the short titles of the now laws which are read at one the fair starts. While the day centred round

very long sittings. While today the deemsters, judges of the Manx High Court, proclaim the new laws, tradition has it that at one time they recited to the assembly the law as they knew it. Certainly it is very likely that the St. John's Tynwald was also a law court, and the place where major criminal trials were held.

new laws which are read at one

time the whole Acts were read.

That must have meant at times

Supporting that tradition is another—that the Coroner of Glenfaba was also the court's executioner. He could refuse that duty, but if he did so that the duty fell to the decemster who passed sentence.
There is another piece of

Manx folklore which suggests that Tynwald was a law court. Overlooking the Tynwald Hill is the steeply sloped Slieu Whallian, where those who were suspected of witchcraft faced trial by ordeal. They were placed at the top of the hill in a barrel lined with spikes and rolled down it. If they died they were innocent; if they were witches and survived, well the Lord of Man and his deemsters could deal with them. When the business of the sitting is over the procession reforms, and headed by the Lord of Man returns to the church. But while they have been sitting on Tynwald Hill

there has been a transformation

in the church. It has become

for just a few minutes a parlia-

mentary chamber. The Lord of

Man sits in the chancel, with

the members of the Legislative

Council, the Upper House. Just

outside the rails where com-

munion is normally celebrated

business, the formal certification of the Acts promulgated from Tynwald Hill. This is also carried out in traditional form with the Lord of Man and the Speaker of the House of Keys signing with quill pens. Then Tynwald formally adjourns and

the legal proceedings at Tynwald Hill it was also a day when people met together and bought and sold articles they had made. It was in fact a mid-summer fair, and there can be little doubt that many who had set out early from Ayre or Rushen to attend the fair spent the night huddled under a hedge at the fairground before setting off back home in daylight, because few Manxmen would venture a night journey in case the "bugganes" caught

W. R. Clucas

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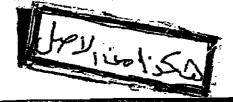
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## Uneven tourist season

ANYONE WHO visits the Isla and the North of England is of Man charing TP week in June that little has been spent on would find it have to believe updating facilities to the sort of that the island is not one of that the island is not one of the standards that holidaymakers the leading tourist areas in the take for granted in Spain or Italian w UK. The motor excit races attract some 50,000 visitors and Douglas seems to be laken and of the bottom of the control of them seemingly on the roads at the same those.

During this week and a less.

Gris important race week in lare. FACHILES
summer these visitors bring in
about 11m revente to the Many
Government and between 15 5th
mas former than the fire than the story is told
in an age of the story in t

and film to the island as a whole. This is a not insomitied able share of the total spending by holidaymakers on the island.

The memoryclists however encapsulate year nearly the problem the island has in attracting holidaymakers. attracting boldsynasters.
Within a short season there are
long spell during the year
facilities are under utilised, the visitors are too heavily concen-trated among the lower income

of them stay in tents on the while waiting their turns cheaper goest houses most of The pity of the situation is them seem to sustain themselves out of the fish and emp shops and Chinese fakeaways and probably most of their remaining cash, goes for the pubs or cheap gift shops.

The authorities are aware of this and of the fact that during the summer their appeal is mostly concentrated on those who would office vise go to Blackpool. Moretambe or Scarborough and see Douglas as Blackpool with a sea trip thrown

Yugoslavis or the Italian
Adriatic coast. Guest houses
now beast of having handbasins
in each room but few hotels
have hedrooms with lavatory
and hathroom en suits.

front guest house landfally who was fispected by the licensing subjections, and told that her facilities namely one lavatory for a dozen or more guests wa last not good enough and that she must do something about it. A couple of weeks later she called the sutherities and told them that changes und been made and would they like to

inspect them.
When the inspector arrived he was ushered upstairs and shown a row of chairs outside the lavatory door. On inquiring The leather clad motorevelists what the alleged improvements and their girl friends spend were he was faid that people very little individually. Many could now sit on the chairs of them stay in the chairs

> that the island has many excel-lent facilities and the potential to attract a lot of visitors. Its scenery is superfy if is pollu-tion free and it has small supplies of a let of things that many holidaymakers want, golf, pony trekking, yachting, peace and quiet and fine walking. What it does not have is any of these facilities in large enough that the island has many excelthese facilities in large enough quantities to cater for consider-able numbers or sufficient high-quality amenities to attract the helidaymaker more than once.

As as result tourism has The result of this concentra. As a result fourism has tion of visitors from Scotland declined in importance as a



Riders on the beach at Peel, one of the island's resorts

contributor to the economy. At beds time it was the most important mainstay; now it lags far behind the financial sector and behind a small but growing manufacturing sector.

There was some recovery last year in the numbers arriving but compared with the good summers of 1975 and 1976 no real improvement has been made. This year could turn out to be better but it is far too early to be sure.

During the past couple of years there has even been a

available for letting, twiddling its thumbs. The big, Curiously, though, this might and rising, demand at the help to improve matters in the long run because it will be the inferior facilities, on the whole, able amounts are being put into which have put up the shutters. leaving the standard of those building new units. remaining higher on average.

The prime need though is undoubtedly for more and better Without these the higher income groups will certainly not see the island as a place to visit.

Some small steps have been made. The Palace Hotel, in the middle of Douglas's seafront, has just added a 39-bedroom extension and there are some restaurants in the country which offer services as good as any-thing to be found in the UK. But it is too little and unless

a strong drive is put into tourism it will be too late. Mr. George Carter, acting director of tourism, is well aware of what needs to be done. 'We would like more and better-class hotels to attract more and better-off visitors but we have a constant struggle to attract visitors who live anywhere south of Birmingham. There is a blockage about going north for holidays and we suffer

Mr. Carter points out that the island is not sitting idly

moment is for self-catering accommodation and considerconverting existing premises or

Next year a complete register of all hotels and guest houses is to be compiled, together with classification Someone coming for the first time ought to have some idea of the sort of hotel he is going 10," states Mr. Carter.

But the problem is to persuade hoteliers to plough back their proms into bedside phones, lifts, TV in rooms and night porters. The Manx people are an easy going race and expect people to visit them for what they have to offer rather than go out and compete vigorously for trade. Unfortunately for them, the rest of the world has changed.

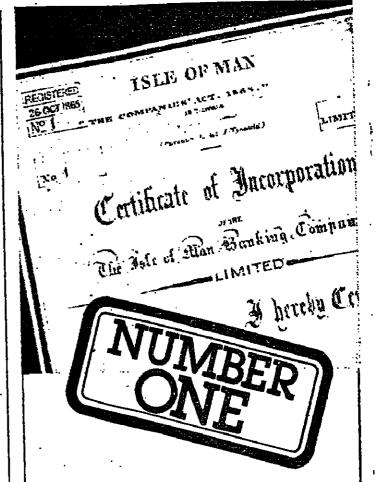
Changes are being made, though. The Isle of Man now has a permanent representative in Dublin and one of the encouraging consequences is a big increase in the numbers coming from the Irish Republic with which the island has ethnic links. There has also ethnic links. been a sleady flow of holiday makers from Northern Ireland. A representative is also to be

appointed in London to cover the South of England and earlier this year some 30,000 school children were brought to the island on educational day trips, a feature which is sure to he repeated next year. What is needed, though, is

a greater commitment by the Manx Government to the needs of holidaymakers if this sector of the economy is to perk up. Apart from the essential spending on hotels there is scope more golf courses, for a marina to attract yachtsmen who now sail from Lancashire and North Wales to southern Ireland for a link with the air-lines to introduce package holidays, for a more active "selling" of the island in

Such steps might seem almost heretical to a placid people but they are essential if tourism is to prosper again. There is one other important reason why this must be done; unless it is the growing financial sector will to the point where it will dominate the economy in a potentially unhealthy way. Some politicians and a lot of officials understand that. But do enough

Anthony Moreton



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## Industry revives

THE MANUFACTURING Sector is the second most important in the isle of Man's economy. After a long period in which it has been in the doldrums unofficial reports indicate that there is now more buoyancy, in it than for several years.

As recently as the early 1970s it was the most important partof the island's evanomy outside government services, but than in about 1972 the fast-rising financial sector overtook at 2nd. it now lags a long way behind in second place.

Twice in this period manufacturing has even been over-taken by the tourist industry but in 1977-78, the last year for which official figures are available, it accounted for 12,6 per cent of the lacome generated on the island compared with 10.8

prices has been almost flat. In fiscal 1970-71 it amounted to economy might become f14.56m and in 1977-78 if was unbalanced and unhealthily £14.51m. In only one year was: there any improvement and that was 1974-75 when it jumped the following year.

And compared with 1969-70 there has been a great fallingoff in the importance of this part of the economy because output then (again at 1977 prices) was £18.79m

what amounts almost to relief detailed in the accompanying Unfortunately, because of the panel but the important thing length of time between official for a potential applicant to figures being collected and pub. understand is that they are all lished it probably will be selective. Unlike the regional another year before it can be aid scheme in the UK, no part proved whether the optimists of the like of Man system is are reserved.

Few people on the island want to see the manufacturing out by the government is sector remain in low sear. The clearly small by UK standards island is having so much success

#### INDUSTRIAL INVESTMENT INCENTIVES Investment grants: 40 per cent of costs of new buildings, plant and machinery.

First-year grants:

Training grants:

In addition to the above, sites for industrial ex are available and depreciation allowances are made.

serious possibility that the

Since 1970 the finance sector to £19m, quickly falling back has tripled in importance and 100 is considered to be large. now accounts for almost a third of all the income generated on the island and with its continuing strength is bound to forge The authorities are. clearly anxious to keep a balanced economy and so want to see manufacturing industry

To that end they now offer nature of the sector that the competitive with almost any the au indications of huorancy now, thing offered on the mainland ing u apparent are being prested with of the UK. Those incentives are sector. a range of grants which are

> . The amount of grants paid but then the scale of industry

> > trish Bea

#### Help towards training apprentices and half the cost of approved training costs in certain circumstances. 40 per cent of dismantling, freight and re-installation costs to employers transferring a manufacturing opera-Transfer granis:

Rent reduction: Assistance may be given to reflect the value of the building grant foregone.

40 per cent of non-recurring commis-

sioning and running in expenditure.

ment of repayment for two years.

Half of working capital with defer-

Over most of this period in attracting business to its on the island is very small by income generated by manufacting in attracting business to its on the island is very small by income generated by manufacting business to its on the island is very small by income and its on the island is very small by income and its on the island is very small by income and its on the island is very small by income and its on the island is very small by income generated by manufacting business to its on the island is very small by income generated by manufacting business to its on the island is very small by income generated by manufacting business to its on the island is very small by income generated by manufacting business to its on the island is very small by income generated by manufacting business to its on the island is very small by income generated by manufacting business to its on the island is very small by income generated by manufacting business to its on the island is very small by income generated by manufacting business to its on the island is very small by income generated by manufacting business to its on the island is very small by income generated by manufacting business to its on the island is very small by income generated by manufacting business to its on the island is very small by income generated by manufacting business to its on the island is very small by the income generated by manufacting business to its on the island is very small by the income generated by manufacting business to its on the island is very small by the income generated by manufacting business to its on the island is very small by the income generated by manufacting business to its on the island is very small by the income generated by manufacting business to its on the island is very small by the income generated by t turer, has about 600 employees at its plant next to Ronaldsway dependent on this service indus-Airport but it is a giant in Manx terms. A company employing

> In 1978-79 a total of £746,413 was paid out, of which £514,819 was in grants, £224,500 in the form of loans and £7,094 made available for the purchase and erection of buildings. This was more than twice the £301,727 paid out in 1974-75 and reflects the growing importance which the authorities place on building up the manufacturing

## Guidelines

In calendar 1978 there were th applicants for new investment and almost twice as many requests from existing industry for assistance towards expansion. These figures have been building up over the past few years and the indications are that they will be even higher this year.

The government has clear guidelines as to the sorts of industry it wants. The essential prerequisites are that newcomers should be producers with a high-technology, highvalue content able to see most of their products off the island.

At the same time they must not pollute the environment because the community places great store by the fact that it has a pollution-free atmosphere. Environmentalists are a strong force on the island, a pressure group which the authorities in any case back to the hilt.

The problem for newcomers at the moment is that with unemployment low there is no easily available pool of labour. This means that potential entrants have to bring in some of their workforce and to do this they have to seek work

Permits are not easy to obtain because the island keeps a strict watch over its popula-tion growth. The employment committee of the social security board vets all applications but it is guided in its deliberations by advice from the industrial council. Even so, there is a shortage of skilled workers.

J. A. Martin



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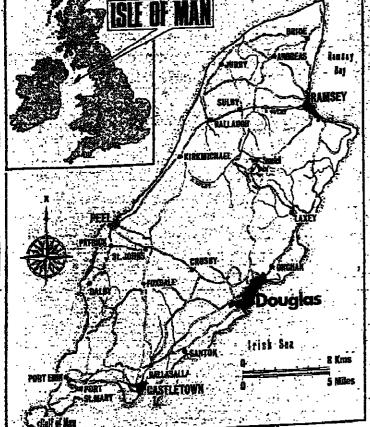
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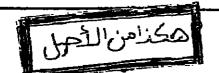
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## Islanders ponder the big question of population

of Man's population be? Should descent from coming to live on it be allowed to grow without the island. We were in diffirestraint or should growth be culties in trying to define who

These are the questions being onsidered by a Select Committee of Tynwald, and, if the experience of an earlier committee which reported in 1973 is anything to 20 by their answers will not necessarily be accepted when they report.

member of the House of Keys and chairman of the Executive Council and the Tourist Board, was set up earlier this year after there was a furore on the island about a Government population projection. It showed that in about 20 years' time, unless restrictions were imposed, the population would rise to 95,000. The population now is estimated at about 65,000.

Mr. Irving, commenting on the task before his committee, the Speaker, opposed to the Bill said that there were on the island a lot of people who said the more people who came there the better. There were others that while any resident of the who sought strict controls on

The 1973 committee, he said, had proposed that new residents, not of Manx origin, should be expected to deposit at least £5,000 with the Government to be used to finance a housing fund. The money housing fund. would be loaned.

This was rejected by Tynwald when the report was debated and he personally thought that was a right decision.

"I do not want a situation to arise where only rich people come to the Isle of Man to live,"

#### Benefits

Throughout the 1973 committee report one problem shows clearly. Not only were the members concerned to try to balance the fact that there were already restrictions on people coming to the Isle of Man to work in the form of the work permit system, while there were none on those who came to retire, or enjoy the benefits of the low taxation.

There was also a more basic problem, that of citizenship. The question they tried to answer was, on the surface at a Manxman?

As one member of the comwere faced with the problem that we could not possibly do anything which would prevent

Isle of Man has often been

criticised by residents, holiday-

men alike as rather too much of

a saga. Despite what, on paper, looks

like a good selection of both air

and sea routes—by sea from Liverpool, Ardrossan, Heysham, Fleetwood, Llandudno, Belfast

and Dublin; by air from London,

Manchester, Liverpool and some other minor mainland airports

—the frequency, timing and travelling conditions on these services have at various times

all come under fire. Until last year, a businessman

visiting the island for a day

found himself at Heathrow by 8.30 am and, with luck, in Douglas just before noon after a jet trip to Manchester and a

connecting Viscount flight to the island. Business would have to be wrapped up by 4 pm if he

wanted to get back to London

Thanks to a route-swapping arrangement between British Airways and British Midland

Airways, plus the application of some pressure here and

there by the island government,

the situation has now improved considerably, even if the ideal of adequate year-round services

for the island is still unrealised. (An inevitable situation, given the vast fluctuations of demand

between the summer tourist season and the needs at other

times of a population of only a little over 60,000.)

Last year, British Midland

handed over some of its Con-

tinental services to British Air-

ways in return for a London-Liverpool-Isle of Man-Belfast

service. There was some con-sternation when it almost immediately cut back on the

Consternation

the same day.

makers and visiting business- of need.

GETTING TO and from the protests there was a general

reinstatement and additional

flights were added on the basis

land now provides a daily service somewhat better geared to

business needs, with a flight

via Liverpool arriving before 11 am and not departing until 5.35 pm. Importantly, British

Airways is now also running a daily direct service to the island

from Heathrow as well as one

via Manchester, so with three flights a day the island is now

Meanwhile, since last year Dan Air has been running a number of summer and week-

end-only services between the island and Gatwick, Bristol,

Cardiff, Birmingham and even Gloucester and Bournemouth.

They have been of some considerable help to the tourist trade even if Dan Air has been

criticised as just skimming off

the tourism cream from the two main carriers committed to

year-round services.
With British Island Airways

also providing regular, mainly

year-round services to northern cities and Dublin, Mr. Jack

Nivison, the chairman of the Island's Airports Board, asserts now that the island is "pretty well served."

Certainly some decline in the use of flying taxi services to a number of mainland UK airports seems to hear this view out and the prospect of form.

out and the prospects of form-

ing a government-backed Manx

airline, put forward in the past as the only way of really meet-

ing the island's needs, has faded

rapidly into the distance.
At sea, a saga of a different

At Sea, a saga or a dinerent sort has been going on. Last June. Manx Line, a company formed by Geoff Duke, the former world motor-cycling champion, was due to start a collection rollection and care

roll-on, roll-off cargo and car

schedule that British Airways and passenger service between Manx Viking, the company's ves-

had been providing, but after the island and Heysham using sel, to operate in almost any

well up on a year ago.

The result is that British Mid-

the members of Tynwald to

member ready to meet that challenge, Wing-Cdr. Roy MacDonald, a Manxman born in spite of his Scots surname, and he duly introduced his Nationality Bill in 1973, But The present committee, last year it failed, on the cast-chaired by Mr. Clifford Irving, ing vote of the Speaker, to pass ing vote of the Speaker, to pass through the House of Keys.

Wing-Cdr. MacDonald, since elevated to membership of the Legislative Council, the upper house of the Tynwald Court, is now ready to try again. "I am waiting the required time which must elapse before I bring this Bill forward again. There were only 18 of the 24 members in the House of Keys present when it was last before them and they divided 9-9, with anyway, giving his casting vote

The situation at present is the grounds that the island's Manx passport this is only, in take on Manx people for train-resources were limited and effect, a UK passport with a ing to enable them to replace could not be stretched too far. Manx cover. The status of the the permit holders. Manx people as far as Special conditions should be nationality law is concerned is applied to self-employed immi-United Kingdom and Colonies.

> defined Manx citizenship. This question of citizenship

JUST HOW big should the Isle people who could claim Manx has exercised the minds of members of organisations who have submitted written evidence to restraint or should growth be culties in trying to define who the Select Committee. While regulated with a strict upper is a Manxman, and decided that their views vary considerably on limit on the total population? this was a matter best left for the definition of the definition. themselves Manx they agree was one Tynwald that if there is to be population control then there must be Manx citizenship established.

## Reject

"Without citizenship immigration can only be limited by the inadequate means of controls on employment and on property purchase," said Mrs. Audrey Ainsworth, chairman of the Manx National Party.

Its submission rejects the financial qualifications as socially divisive. But at the same time they reject any policies which might lead to more school and higher education leavers having to emigrate to obtain suitable employment.

The party proposes that there should be a substantial tightening of the existing work permit system, with permits issued for only two years and on the con-Isle of Man can apply for a dition that employers should

that they are citizens of the grants in each indvidual case. Regulations along these lines, The aim is to have a situation the party states, would be acwhere there will be legally ceptable internationally.

A further proposal by the



Women packing seafood. There is a permit system for those coming to the island to work

Communications

now less of a saga

a converted secondhand vessel

The ship was three months late coming out of the Leith shippard where it was converted, and was subsequently plagued by a number of engine

and other troubles to the extent

that first James Fisher, then

brought in to rescue the then-

Manx Line is now owned 60 per cent by Scalink, 40 per cent by James Fisher. When it

worked, the ro-ro service worked well, sufficiently so to induce at least one island com-

Man Steam Packet Company, but drive-on, drive-off vehicles

were limited to not much more than transit vehicles with crane

unloading of containers.

The advent of Manx Line appeared set to introduce an element of competition bound

to be of long-term benefit to

the island, servicing to keep transport charges down and

pressure on the Steam Packet for improved on-board facilities

for passengers—a subject of some criticism in the past.

But last winter, just when it looked as if Manx Line was at last shaping up as flerce com-

petition on both the passenger and cargo fronts, disaster struck. The Manx government had spent

£1m on providing a roadway

to the Manx Line terminal, at the end of which loading/

unloading for the vessel was

provided by a specially-built link span designed to allow the

State-owned Sealink.

floundering company.

Benefit

bought from Spain.

this, it says, can be applied only if there is a firm definition of citizenship. It considers the proposals of a former House of Keys Committee on Citizenship unacceptable in several ways.

The party proposes, as an interim measure, that there should be a system of quotas for the purchase of property by established Isle of Man residents, Isle of Man workers under pre-sent regulations. Safeguards to prevent evasion by incorporated bodies would be set up at the same time.

While at present there is no way of controlling any influx of people not seeking employment or buying property without citizenship, with citizenship controls could be imposed and enforced.

Mrs. Ainsworth said: "Full immigration control, although theoretically advantageous would probably be undesirable in practice. It is also expensive to operate. Once Manx citizen ship is established it should be possible to establish effective control over immigration."

Mec Vannin, the more radical nationalist party, proposes in its written evidence a complete end to the policy of attracting new residents and the passing of a strict Manx Citizenship Act.

We do not accept that the definition of Manxman should cover all Manx residents. We consider the House of Keys proposals weak. We are a nation

in our own right.

"To qualify for Manx citizenship a person should be either Manx born or have one Manx parent, or be married to a Manx erson, or have resided on the Isle of Man for 10 consecutive years. In this case they would have to apply for Manx citizenship." said Mrs. Hazel Hannen, the party chairman.

Mec Vannin also pronoses tieht restrictions on non-Manx

citizens resident on the island. They would not be able to acquire more than a half-acre of land, vote or be a candidate in any Manx election or be a shareholder or director of any property company. It also proposes that an immigration registry office should be

set up to which everyone intending to reside in the Isle of Man would have to apply.

Automatic entry would be

allowed only to Manx citizens and work permit holders. Non-Manx citizens allowed in would have to register each year, but allowed to acquire Manx citizenship after 10 years. There would also he a requirement for Manx citizens resident outside the Isle of Man to register annually to keep their status.

weather. But during a bad storm

water were badly damaged.

the span broke away from the berth and both it and the break-

Repairs have still to be com-

pleted, and meanwhile Manx Line has chartered two vessels

from James Fisher which are

maintaining a container opera-

tion, but on a reduced scale

involving a lift-on, lift-off opera-

tion. Ingeniously, Manx Line has

also concocted a temporary ramp system which still allows light

vehicle and passenger traffic to

be carried and these services are now operating normally.

Company is seriously investigat-ing the feasibility of its own ro-

ro operation. But because of the

large investment inevitably involved, it is proceeding cautiously. "You've got to

outwards. Before we move in we want to be certain we can

generate enough revenue to make it a viable proposition."

The company last month re-

ceived a detailed report from its consultants on the prospects, and

is now assessing its next steps. One vessel is due for replacement in the mid-1980s and it

will be a crucial decision as to

Whether the company will go all out for a rival ro-ro ter-minal; whether it will opt

instead to maintain its existing services, or whether—as has

been speculated on the island.

although denied by both com-panies—there might even be an

Cautious

what replaces it.

pany to invest in road transport involved, it is proceeding cautiously. "You've got to remember that the total cargo trade to the island is very of getting goods to and from the island was via the vessels of the long-established Isle of Man Steam Packet Company."

large investment inevitably involved, it is proceeding cautiously. "You've got to remember that the total cargo trade to the island is very limited," one executive points out. "Cargo is \$5 per cent inwards and only 15 per cent outwards Refere we move in we

Meanwhile, the Steam Packet

says they would be required for everyone coming to the island

From the Society for the Pre-servation of the Manx Countryside has come a submission which emphasises that it condefined in much the same way as siders the projected population total far too high.

> In its view there is also a great need for a stricter enforcement of the provisions of the agreed development plan. Planning regulations intended to control development have not been carried out.

> To control population, Mr. H. S. Cowin, the society's chairman, said immigration should be

regulations. The aim should? retired people moving to

"I agree that island's going financial position is, at least part, due to the new reside but if there are not controls the numbers coming in the ancial balance might quickly badly upset because of requ and other facilities.

"I don't want the Isle of to lose its Manxness, and the is a danger of that happening we do not have some surf-control over immigration

W. R. Cluca

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eventual merger of the two operations—is unlikely to become clear until next year at John Griffiths

## Harvest prospects brighten

By Christopher Parkes MOST BRITISH detest crees MOST THEFTSH careas crops have made a good recovery from the winter and poor conditions in the spring and Government soughly about the wheat increas optimize about the the barley crop, and forcess a legislation when the total careas, will above the out are seen for the next five years. be the sariety grop, and corrects a work stated careals yield above the work average for the past average for the past average. Though have improved tree memorably in the past average, altestor general of the Agricultural bevelopment and Advisory is a Service fold she Royal show in the a Service fold she Royal show in the a Stoneleight of the Agricultural officer at the Farm of a state planted with wheat in the last officer at the Farm of the data planted with wheat in the hook UK was 10 per cent higher than a bigger the is proportion was drilled with less a year ago, adding that a bigger the is proportion was drilled with less think yelding varieties.

There was also a substantial some greeze of winter bandey which said grees better yields than appring grees and that Mr. North said, gives no a good besis for heing

this year. But there was a much parect parect portion in the combine harvester sales in war traditional grain exporting war direct direct parect pare Sountries
Farmers in Canada, the U.S. Australia and Argentina could all hope to beneat considerably from the strong export demand from the USSE this season. As a result of this demand prices have been at their highest levels ever

Australia

raises wool floor price

CANBERRA—The average AusSen contrains wool floor price for the
48 mile 1979-80 season will be 318 cents
a kilo compared with 298 cents
for 1978-79, Mr. Ian Sinctair, the Primary Industry Minister, announced yestarday. This compares with the 1978-79 season's dissing whole clip average market price of 361

cants a kilo service by the Australian Wool Corporation (AWC) and the Australian Wool Corporation (AWC) and the Australian Wool The Acc has asked the industry conference.

The Association of County County could not afford another Dutch Eintyne disease.

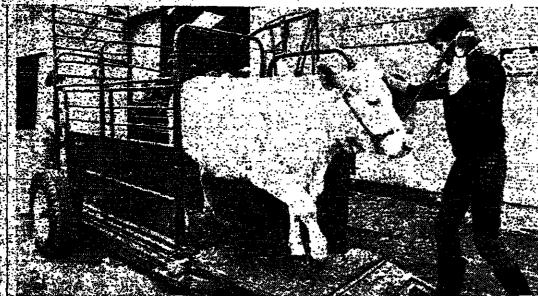
The ACC has asked the industry Conference.

The ACC has asked the forestry Commission to investigate the country could not afford another Dutch Eintyne disease.

The Acc has asked the country could not afford another Dutch Eintyne disease.

(AWC) and the Australian was industry Conference.

The rise took account of his gate importation of oak from proved upod demand in the North America with the possible latter part of the 1978-79 season, bility of imposing a complete ended June 30, and reinforced ban if really effective controls confidence shown by the market, are not introduced within a reasonable time.



A hopeful confestant weight in for the livestock competition at the Royal Agricultural

## Iran to resume NZ lamb trade

BY CHRISTOPHER PARKES

NEW ZEALAND will import Muslim slaughtermed from fran to help it fulfil a new lamb supply part between the two "gives as a good testis for heavy said the countries and the religious conditions of t carcasses a year to Iran, com-pared with past trade which has never exceeded 25,890 tounes a

> Mr. Allan Frazer, European "The levies have director of the New Zealand that we can't sell un Producers' Board said at the at a loss," he said. Royal Show yesterday that while abattoir unious guarded their jobs jealously, they understood that trade openings had to be maintained in the national interest.

The new Iran regime recently cut all meat imparts from New

Action urged

Francial Times Reporter THE Forestry Commission has

been urged to act to prevent the spread of oak wilt to Britain.

on oak

wilt threat

will visit New Zealand soon to who want to retain their new 27.000 tonnes of butter in the adjusted, New Zealand distribu-UK in the first six months of tors will still be faced with the this year out of a total quota of

"The levies have ben so fixed that we can't sell unless we sell

Adjustments in the special import levy on butter are expected at a meeting of the European Community's Dairy Management Committee tomor-row to allow New Zealand produce to compete with subsidised Community butter.

tour abattoirs and advise pro-cessors on their requirements. Sir Douglas Carter, retiring under normal levy conditions

task of distributing their full quota this year. Present arrangements for NZ

dairy imports expire at the end of next year, when the quota will be 115,000 tonnes. • The EEC's arrangements giving access to New Zealand butter into Britain are "a total mess," Mr. W. P. O'Grady, an executive director of the Irish Dairy Board, said yesterday.

Calling for a comprehensive Zealand on religious grounds But there is still stiff review of the system, Mr. but Mr. Frager expects trade to resistance in the trade. Com- O'Grady claimed that the munity agriculture ministers interests of Community butter Religious ritual specialists are being lobbied by traders producers were being damaged.

## Lead smelter shut down

Asarco, is to shut its lead smelter here during August because of a shortage of raw materials, reports Reuter.

The plant has already been operating on a reduced five-day week for an extended period due to a shortage of concen-

Aserco said it would accumulate lead concentrates during the shutdown. The company blamen the concentrate shortage

MONTANA-U.S. producer, which make it difficult for U.S. smelters to compete for raw Asarco's other Western U.S.

lead smelter, at El Paso, Texas, has been shut down for the past six weeks to accumulate con-centrates and for a modernisation programme. It is currently being returned to production. Lead prices were steady on the London Metal Exchange yesterday, in line with the general recovery after the recent sharp falls. Improved physical demand helped boost copper, while a renewed squeeze on nearby supplies lifted cash tin by £105 to £7,575 a tonne. | tion

## Brazil crop forecast

COFFEE FUTURES prices fell sharply on the London market yesterday as continuing mild weather in Brazil and the publication of a distinctly "bearish" trade forecast of the Brazilian crop sparked off heavy profittaking.

hits coffee

The September position fell to £2,006 a tonne at one time but later rallied to end the day £53 down at £2,036 a tonne.

In New York meanwhile, brokers Merrill Lynch estimated the Brazilian crop would be 23.4-24.8m bags (60 kilos each) in the 1979-80 season despite recent frost damáge.

This compared with a production forecast of 19m bags issued by the Brazilian Coffee Institute (IBC) following assessment of the frost

The report attributed its bigher figure to a higher prefrost estimate and a different method of calculation. It said good spring rains could boost output to 27m bags. London dealers said yester-

day, however, the Merrili Lynch estimate appeared highly optimistic. They said local shippers had generally confirmed the IBC assess-

### Cocoa futures drop to new lows

By Our Commodities Editor COCOA FUTURES prices fell to life of contract lows on the London terminal market yester-day before rallying slightly in late trading. The September position traded down from £1,580 to £1,531 before finally closing at £1,542 a tonne, £54 lower than Monday's close.

The decline is a continuation of the recent sharp downward trend in the market resulting from the rise in the value of sterling, reduced tension over the situation in Ghana and forecasts of a hefty surplus of supplies this season. Late news that Ghana university students had stormed the U.S. Embassy in Accra had little impact on the market. . Adding to the pressure on

prices were reports of cocoa, previously help up in Ghana, now coming forward. In London some heavy tenders against the spot "delivery mouth have created a nearby surplus situa

COMMODITY AGREEMENT

## Doubts cloud new olive oil pact

BY BRIJ KHINDARIA IN GENEVA

A NEW plive oil sereement was opened for signature on Monday this week. It will replace the existing accord which expires at the end of this year, with a new agreement much wider in scope since it extends to all aspects of olive oil production. The new accord will cover other products of the olive tree in addition to olive oil.

The agreement puts particular emphasis on the transfer of Its economic provisions break link between the agreement and the financial resources of the proposed UNCTAD common fund. However, there is no guarantee that the agreement will receive any money when the fund, still under negotiation,

becomes operational. The new accord does not have any substantive or obligatory economic provisions. As with the previous agreement, re-newed four times since 1963, the new accord relies on conand demand imbalances.

agreement is not an income or

market stabilisation scheme. Mr. Hocine Bou-Bekker, argued strongly for financial chairman of the conference at aid, including money from the which the accord was negotiated common fund, to help them in April, said the new agree- increase ment " meets the problems that confront developing olive oil producing countries and takes the prospect of an olive oil section of the fund does not account of the need to develop "lake," refused to allow the become an instrument of aid consumption and international trade to improve the position vegetable oils. It constitutes a real advance.'

The agreement will remain supply and demand. open for signature until Novem- World olive oil

ber 16 this year and will comeestimated at 600,000 tonnes for into force in January, 1980, or the crop year 1978-79. Of these, whenever in the 12 succeeding Spain holds nearly 270,000 months it is ratified by the six tonnes, Italy about 74,000 tonnes countries which represent 60 and France 9,000 tonnes. The per cent of world olive oil pro-duction. stock level stood at 580,000 tonnes in November 1978, down duction. However, the main olive oil from 649,000 tonnes in October

producing countries outside the 1977. Common Market feel they have Demand for olive oil is not very price sensitive and it is been left with the shorter end of the stick. Tunisia, Morocco, estimated that lower prices will Algeria, Turkey, Syria and not result in substantially technology to enable producers Egypt complained strongly they higher consumption. But most in developing countries to rewere at a disadvantage comof the North African olive oil duce costs and improve quality.

pared with olive oil producers exporters are net importers of Its economic provisions break within the Community, such as other vegetable oils new ground by laying down a Italy, France and now Greece. The olive oil agre The olive oil agreement, they They pointed out that the Comclaim, offers them no protection munity offered substantial finan-cial help and income support to reduction in imports by the

> cultural Policy.
>
> The plight of olive oil producers outside the Community from CAP. has been made more difficult by the proposed entry to the Common Market of major rivals, integrated commodity pro-including Spain and Portugal, gramme which should benefit including Spain and Portugal, gramme which should benefit who will also begin to enjoy from the multi-million dollar support from the CAP.
>
> The main fear of countries to the non-olive oil producers

farmers under its Common Agri-

sultations among producers, outside the Community is that outside the Community rather than specific measures, their clive oil will become even have come from the rather than specific measures, their clive oil will become even have come from the rather than specific measures, their clive oil will become even have come from the rather than specific more uncompetitive compared second "window" designed to with Community producers finance market promotion once the southern European search and development. nations join the EEC and they production improve efficiency.

The Community, concerned at new agreement to contain refer- rather than trade. ences to the need for more olive

contributions provided that this

The fund's first section will of olive oil vis-a-vis other oil output Instead it emphasised be used only to finance reserve the need to promote consump-tion and balance international commodity prices under an international agreement between World olive oil stocks are producers and consumers.

Common Market if its own

members tend to over-produc-

tion because of price support

Olive oil is one of the vege-

table oils included in UNCTAD's

finance market promotion, re-

But creation of the second

window" remains uncertain

because the U.S. and other in-

dustrialised countries, including

West Germany, have said that they will only make voluntary

## Farmland price rise halt confirmed

BY OUR COMMODITIES STAFF

farmland in England has halted is provided by the latest figures issued by the Ministry February this year. of Agriculture yesterday.

An analysis of farmland sales, with vacant possession, during the three months ended

ebruary this year. since the beginning of the The special index, compiled year."

by the Agricultural Advisory Service and Agricultural

FURTHER CONFIRMATION Although this is marginally to 191. This, the Ministry that the rise in the price of above the figure for the three notes, indicates that after months to April, it is well below a prolonged rise the price of the peak average price of £4,081 agricultural land has levelled. reached in the three months to off and may have fallen slightly

However, 'the number of reported sales, on which the Mortgage Corporation, to take figures are based, covers only during the three months ended account of regional and area 7,300 hectares. This is in line May, 1979, puts the average size group, has fallen since with the reduced level of sales price at £3,860 per hectare. February from 213 (1973=100) so far this year.

## BRITISH COMMODITY MARKETS

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BASE METALS 29, 30, Karp: Wingbare, three months 829, 30, 29, 28, 27,

LATS 1.G. Index Limited 01-351 2466. November Coffee 2029 29 Lament Read. London, SW16 0BS.

L. Bascree, trading on commodity futures.

L. The commodity futures market for the small investor. November Coffee 2029-2044

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to higher lead prices overseas LEAD Officia — Unofficia i ioliowed by a sharp technical reaction at higher levels, closing estier. Lewis as prices reliied to finish £30 to £35.5 and Peat reported a Malaysian godown lower on the day after good trading.

| Letter | Part | 607.5-8.5 - 5 608-10 + 1

Metal Exchanges after Monday a sharp processing of the fight in standing. Trade processed Eartern price overnight and burning standing. Trade processed it to a close on the Kerb in pushing the forward price up from a start of log depressed it to a close on the Kerb in the morning Riags of E25 Beatiness was heavy. In the standard price was power after the Contex opening, falling to E25 begins Contex opening, falling to E25 begins closing on the Kerb of the price was power after the Contex opening, falling to E25 begins closing on the Kerb of E257, 75.5, 75. Kerb: Three months E573, 75.5, 75. Kerb: Standard three months E347, 47.5, 47. 48, 48, 48.5

Moning: Cash £337, 37.5, three months £347, 47.5, 47. 49, 48. 48.5. Kerb: Three months £348. Aftermoon: Farse months £349, 50, 49, 48.75. Kerb: Three months £349, 48.5, 49, 50. ALUMINUM Steady as the strength in cooper helped lift the forward price from a start of 5696 to 5706. There was good two-way business with some physical interest. In the afternoon the price drifted and closed on the Kerb at 5702. Tumover 9,250 tonnes. a.m. | t - or | p.m. | Official | - Unofficial

Morning: Three months £705, 8, 3, 2.
Kerb: Cash £700. Alternoon: Cash £700. three months £689, 700, 1, 2, 2.5, 2.0 Kerb: Cash £689, three months

official - Unofficial -NICKEL Spot.

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7 Manning: Three months £2,660, 70, 86. 70, 75. Ajsemoon: Three months £2,670, 75. Ajsemoon: Three months £2,670, 60, 70.

TO. 70. Canta per pound. \$5M per picul. †On pravious unoticial ciose. SILVER ...

DAE—Turnover 91 (207) lots of 10,000 ozs. Morning: Three months 403, 3.5. Kerb: Three months 403, 4, 3.3. Attentions: Three months 402, 7, 2.5, 403, 2.8, 2.5, 403, 2.8. Kerb: Three months 402.8, 403, 3.2, 3.3. SILVER Belton + or L.M.E. + or roy or price Spring S92.05p -5.15 591.5p -2.25 5 months 403.5p -5.2 402.5p -2.75 8 months 434.6p -6.8 Silver was fixed 5.15p an ounce lower for spot delivery in the London bullion market yesterday at 392.05p. U.S. cant equivalents of the fixing levels where apot 880.2c, down 9.5c; three-month 878.1c, down 9.2c; sixmonth 800.0c, down 7.7c; and 12-month 933.2c, down 1.9c. The metal opened at 3921-3337-p (858-861c) and closed at 3921-3337-p (858-861c) and closed at

Robustes opened \$40.550 down as long Hourdation, which prompted some stop-loss reciling, inspired a sharp decline. Early on, however, scaledown trade buying kept the market round opening issues through an easier than the second opening the sec

Yesterday's + or Business £ per toppe 

-58.0 2000-51 -56.0 2055-06 -56.5 2050-11 -58.0 2050-15 -54.0 2035-02 -50.0 2034-95 .... 2018-23 (CS indicator prices for July 2 (U.S. cents per pound); Other Mild Anbicas 212.0 (216.0); Robustas ICA 1976 209.0 (210.0); ICA 1966 209.5 (210.5); Colombian Mild Arabicas 217.5 (221.0); Unwashed Arabicas 209.0 (213.0); Comp. daily ICA 1968 211.08 (214.0).

COCOA: In a market again dominated by currency considerations, cocoa values continued essier and coffse closed £10 off the lows, reported Gill and Duffus, Sales: 6,975 (2,326). Yesterday's + or Business Close - Done COCOA

 
 July
 1495-1497

 Sept
 1640-1644

 -54.0
 1580-1621

 Dec
 1610-1611

 -45.0
 1645-1600

 Marct
 1648-1650

 -35.0
 1704-1863

 July
 1690-1705

 -51.0
 1710

 Sep
 1710-1785

 -42.5
 1750
 International Cocos Organisation (U.S. cents per pound): Daily grice July 2 157.98 (161.68). Indicator prices for July 3: 15-day average 157.24 (157.39); 22-day average 157.88 (157.75).

GRAINS

LONDON FUTURES (GAFTA) — The marker opened between unchanged to 5 higher but found further consumer and short-covering buying which lorced values up to 40-50 higher on a lack of sellers. There has been fittle country movement and, as a reault, hedge sellers have been reticent. Despits some profit-taking and country selling values closed steady between 35-50 points higher, reported Acil. WHEAT BARLEY

Sept. 92.30 +0.5 88.10 +0.4 Nor. 96.05 +0.5 92.00 +0.4 Jaz. 100.20 +0.4 96.20 +0.5 Mar. 103.50 +0.45 99.50 +0.50 Jay. 107.10 +0.45 102.75 +0.4

ILEY... 107.10 +0.45 | 102.75 | +0.4 |
Business done—Wheat: Sept. 92.30 |
91.80, Nov. 96.00-95.55, Jan. 100.25 |
99.80, Mar. 103.50-103.55, May 107.10 |
106.85, Sales 115. Barley: Sept. 88.10 |
87.90, Nov. 92.05-91.80, Jan. 96.25 |
55.90, Mar. 99.50-99.25, May 102.75 |
102.60, Seles 103. |
IMPORTED—Wheat: CWRS No. 1 |
13½ per cent unq. U.S. Dark Northern |
Spring No. 2 14 per cent July 99. Aug. 1 |
100. Sept. 100.50, transhipment East |
Coast, U.S. Hard Winter 13½ per cent |
Aug. 100.50, transhipment East |
Coast, Coast,

English Feed 100 und. Scripton. Argentine und. Oats: Scandinavian Feed und. HGCA—Location ex-farm spot prices: Feed barley: NE England 91.10, Berks and Oxon 89.30.

The UK Monetary Coefficient for the week beginning July 8 is expected to remain unchanged.

EEC IMPORT Levies—The following levies and premiums are effective for July 4 (in order: current levy: plus Aug., Sept. and Oct. premiums, with previous in brackets); all in Units of Account per tonne. Commen wheat 77.51, rest nil (79.85, 0.75, 0.75, nil); Durum wheat 121.83, rest nil (123.34, rest nil); Barley: 75.02, rest nil (78.29, rest nil); Barley: 75.02, rest nil (79.80, rest nil); Maize (other than hybrid for seeding): 77.93, rest nil (79.80, rest nil); Graip congluting, 78.80, rest nil (4.06, rest nil); Graip congluting, 78.80, rest nil (78.80, rest nil); Flour levies—Wheat or mixed wheat and rye flour: 123.43, (126.57); Rye Gouc 123.73 DIRBER

No. 1 R.S.S.	Yesterday's Close	Previous Close	Business Dona
Sept Oct- Dec Jan-Mar Apr-Jud Jy-Sept Oct- Dec Jan-Mar Apr-Jud	61.18-81.50 82.20-82.40 64.90-64.95 67.50.67.40 69.56-68.55 71.85-71.90 74.08-74.05 76.20-78.25 78.35-78.50	62,25-82,40; 64,88-84-90 67,59-67,55 69,58-89,56 71,70-72,08 76,80-74-55 78,20-78,25 78,46-78,65	62.65-62.50 65.50-84.80 68.00-67.25 70.15-69.40 72.15-71.98 74.50-74.06 78.66-76.25
	. 473 (653) tonnes.	) at 15 to	nnes and

Physical closing prices (buyer) were: Spot 61.90p (60.75p): Aug. 65.0p (64.75p): Sept. 65.50p (65.25p). SOYABEAN MEAL The London market opened on steadier commercial support and short covering, reported T. G. Roddick, remaining quiet and within a narrow

.. 124.00-25.0 + 0.25 125.00-24.00 .. 125.80-26.9 + 0.15 127.00-26.50 December ..... 128.40-26.8: + 0.3 127.50-26.40 Pehronry ...... 127.60-28.0 + 0.2 128.00-27.50

SUGAR LONDON DAILY PRICE (raw sugar): £101.0 (same) a tonne cit for July shipment. White sugar daily price was £104.0 (same). The market appeared to tack any in-centive and prices drifted in very dull rading conditions, reported C.

Aug. .... 105.20-65, 22 105.80-05.75 108.40-05.15 Oct. .... 108.40-03.80 108.55-03.00 108.50-08.40 Dec. ... 112.80-12.80 178.15-12.90 116.75-12.80 March ... 118.75-16.65 118.65-16.95 119.55-18.65 May ... 121.40-21.50 121.55-21.40 122.25-21.40 Aug. ... 124.40-23.40 124.80-23.60 125.50 Oct. ... 127.50-28.56 122.10-23.00 125.00-28.50

Sales: 683 (3,232) lots of 50 tonnes. Tate and Lyle ex-refinery price for granulated basis white suger was 1289.55 (sems) a tonne for home trade and f169.50 (£170.0) for export. International Sugar Agreement (U.S. cents per pound fob and stowed Caribbean port). Price for July 2: Daily price 6.49 (8.55); 15-day sverage 8.28 (8.25). WHITE SUGAR—Close (in order: huner celler, business, gales). Sept. 8.26 (8.25).
WHITE SUGAR—Close (in order: buyer. seiler, business, sales). Sept. 107,00, 107.25, 107.00-106.75, 51; Nov. 110.75, 111.00, 111.00, 40; Feb. 118.75, 119.00, 118.75-118.50, 20; April 121.50, 122.25, nil; July 125.75, 127.00, nil; Sept. 128.50, 133.00, nil; Nov. 130.00, 138.00, nil. Seles; 111.

**WOOL FUTURES** 

#### PRICE CHANGES In tonnes unless otherwise stated.

ago Metals
Aluminium £710/50 £710/50
Free Mit (ea) \$1,5550/50 \$1,5551/5
Copper £281.6 \$1,5551/5
Cash wbar £816 \$18.75 £281.25 \$1.55 £281.25
Cash Cathods £793.5 \$13 £288 \$279.5
Gold troy oz £282.125 \$279.125
Lead cash £509.0 \$7 £509
\$ mith £5574.25 \$175.25
Nickel £3285.4 \$25.117.52
Freemkt(cif(lb) £50/76c \$20/60c conut (Phil), \$1,130 .....\$1,060 Seeds Copra Philip.... \$730 w Soyabean (U.S.): 6321 p Grains Barley Futures £92.0 +0.4 £89.85 rench No 3 Am £109.5 .....E111.25

Sommodities
Cocoa ship't ... £1,642.0 -64.8 [£1,805
Future Sept.£1,542.0 -54.0,£1,732
CoffeeF't'rSep £2,036
Cotton A'index/75.95c
Rubber Rido )... 61.0p
Sugar (Raw)... £101.0
Wooltp's 64skd [272p \* Nominal.† New crop. ‡ Unquoted in tonnes unless otherwise stated p August. s July-Aug. f Sept. w Sept.-Oct. y Nov. z Indicator. § Buyer.

÷1.5 ÷0.9

Other sommodities

**MEAT/VEGETABLES** 

MEAT COMMISSION—Average fatstor prices at representative markets
on July 3. GB carrie 89.76p por kg.l.w.
(+1.61). UK sheep 182.5p per kg.est.
d.c.w. (-8.4). GB pigs 59.8p per
kg.l.w. (+2.1) England and Wales.
Cardle numbers down 6.6 per cent.
average price 88.41p (+1.82). Sheep
numbers no change, average price
182.4p (-8.5). Pig numbers up 8.6 per
ent, average price 59.7p (+2.5). Scotland: Cartle numbers up 26.4 per cent,
average price 92.78p (-0.08). Sheep
numbers down 1.5 per cent, average
price 66.3p (-8.5). Pig numbers up
7.8 per cent, average price 80.5p
(-0.4).
SMITHFIELD—Pence per pound. Beef:
Scottish killed sides 64.0 to 68.0. Ere

SYDNEY GREASY—Close (in order buyer, seller, business, sales). Micron to Contract: July 383.0, 383.5, 384.0-382.7, 34; Oct. 385.0, 396.0, 395.5-395.0, 6; Dec. 400.0, 400.5, 400.5-400.0, 19; March 340.9, 5, 410.0, 400.9, 0, 35; May 412.0, 412.0, 411.0, 47; July 414.0, 414.5, 414.5, 414.5, 12; Oct. 416.0, 417.0, 415.0, 415.0, 11. Seles: 156.

LONDON GREASY—Close (in order: buyer, seller only). July 218.0, 228.0; Oct. 218.0, 233.0; Dec. 218.0, 238.0; March/May/July/Dec. 228.0, 238.0; March/May/July/Dec. 228.0, 238.0.

NEW ZEALAND CROSSREDS—Close (in order: buyer, seller only). July 218.0, 228.0; (in arder: buyer, seller only). July 318.0, Dec. (in arder: buyer, seller only). July 418.0, 228.0; 187.0, 196.0; Oct. 189.0, 198.0; Dec. 195.0, 200.0; Oct. 193.0, 202.0; Dec. 195.0, 203.0.

COTTON

LIVERPOOL—Spot and shipment seles amounted to 69 tonnes. bringing the total for the week so far to 696 tonnes. After a sudden flurry of demand, a marked falling off in activity was noted. Users were slow to anticipate their needs, with only a scrappy in North and South American in North American in N

## AMERICAN MARKETS

NEW YORK, July 3.
THE FRENZIED trading activity in the futures market subaided before the celebration of Independence Day. The grains and the soyabean complex traded within very narrow ranges, anding with token gains. Cocoe contunued its decline, trying to establish a bottom. Sugar has consolidated its recent gains. Cofee was down the limit on trade selling but recovered on the close on rumour of Brazil buying West African origins. The meat complex had a strong rally on abort-covering and profit-taking. Gold and silver showed at seady gains, forcing speculative shorts into defensive trading. Copper lound its new trading levels and advanced moderately, Heinold reported.

Copper—July 80.40 (78.30), Aug. 80.30 (78.30), Sept. 80.20, Dec. 80.45, Jan. 80.60, Merch 81.50, May 31.50, Jan. 80.60, Merch 81.50, May 31.50, Jan. 80.60, Merch 81.50, May 31.50, Potences (round whites)—Nov. 65.4 (55.3), Merch 81.50, May 37.50, Jan. 80.60, Merch 81.50, May 37.50, Jan. 80.60, Merch 8

## **EUROPEAN MARKETS**

Aug. \$199.50, Sept. \$201, Oct. \$203. Nov. \$205. Malze—U.S. No. 3 Corn Yellow effoat \$154, July \$154, Aug. \$154.75, Sept. \$155.25. Oct./Dec. \$159, Jan./March \$164.50.

ROTTERDAM. July 3.

Wheat—U.S. No. 2 Dark Hard Winter wheat, 13.5 per cent, unquoted. U.S. Hard Winter wheat, ordinary, unquoted. U.S. No. 2 Red Winter wheat Aug. U.S. No. 2 Red Winter wheat Aug. \$200. Sept. \$203. U.S. No. 2 Northem Spring wheat, 14 per cent. July \$190. \$254, July \$254, Aug. \$256. Sept. \$257. Nov./March \$260. April/Sept. \$265. Sept. \$265. July \$265. Sept. \$265. July \$265. Sept. \$265. July \$265. Sept. \$265.

INDICES

FINANCIAL TIMES July 2 June 29 M'nth ago Year ago

292.05 298.55 291.02 240.16 (Base: July 1, 1952=100) July 2 June 29 M'nth ago: Year ago

1085.2 1081.0 1070.1 920.9

**DOW JONES** Dow July June Month Year Jones 2 29 ago ago Spot ... 419.75 406.51 406.51 359.09 Ftur's 432.15.832.11.407.13 345.87 (Average 1924-25-25-100)

REUTERS

July 3 July 2 M'nthagol Year ago

1601.1; 1602.2; 1583.7 | 1459.6

(Base; September 18, 1931-100)

Alrican: Cartons, Packham's 7.00, Nelis 6.00, Josephines 7.00; Victorian; Josephines 8.50, Packham's 8.50-9.00, Winter Nelis 6.50-7.00; Spanish; Per Winter Neils 6.50-7.00: Spanish; Per pound Morettini 0.20. Plums-Spanish: Senta Rosa 2.50-3.00, Japa 1.60-1.70. Gaviotas 3.40-3.50, Pratts 4 killos 2.00-2.20: Italian: Florentias per pound 0.20. Grapes—Cypriot: Cardinal, per pound 0.45-0.472, Perlette 0.60-0.55, Peaches —Spanish: D/C/B's 2.30-2.60: Italian: 1½ trays 0's 2.00, C's 2.60-2.80, B's 3.20-3.40, A's 3.70-3.80; French: B/C's 2.40-2.80. Nectarines—Spanish: Trays 2.20-4.00. Apricots—Spanish: 2.50-3.00. Cheries—Italian: 0.50: French: 0.40. Bananes—Jamaican: Por 26 th 4.20. Avocades—S. African: 4.00-4.50. Onions—Dutch: 3.80-4.20: Spanish: 4.00-5.20. Avocados—S, African: 4.00-4.50. Omions
—Dutch: 3.80-4.20; Spanish: 4.00-5.20.
Tomatosa—Jersey: Per uray 1.80-2.00;
Dutch: 1.90-2.00: Guernasy: 2.00-2.20.
Cabbages—Dutch: White, not 6.00-6.50.
Potatoec—Cypriot: 4.50; Jersey: Per pound 0.05-0.06. Capsicums—Dutch: 5.80. Carrots—Cypriot: 28 lb 1.50.

5.80. Carrots—Cypriot: 28 lb 1.50; Italian: Approx. 18/22 lb 1.60 1.90; French: 12 kilos 1.90.1.90 Philippin

0.27-0.35. Beetroots---Cypriot: 2.00. Melons---Spanish: Yellow Honeydew 10 kilos 5/14's 6.00-6.60. English Produce: Potatoes—New crop per bag 2.40-2.50. Lettuces—Per 12 round 1.00-1.30. Cos 1.30-1.40. Mush-rooms—Per pound 0.50-0.60. Apples— Per pound Bramleys 0.04-0.08. Rhubarb Per pound Bramleys 0.04-0.08. Rhubarb Per pound Bramteys 0 04-0.08. Antibare
Per pound outdoor 0.03-0.04.
Tomatoes—Per 12 lb 1.80-2.00. Cucumbers—Trays 8/18's 1.50-1.80, prepact.
2.20-2.40. Cauliflowers—12's Lincoin
2.50-3.00 Spring Greens—Per crate
Kont 1.20, Primo 1.40. Asparagus—Per
pound 0.70-1.00. Celery—Boxes 12/20's
3.50-4.00 Strawberrics—Per 1, 1b 0 18-Kant 1.20, Finns pound 0.70-1 00. Celery—Boxes 12/20': 3.50-4.00 Strawberries—Per 12 to 0.18-0.25. Gooseberries—Per pound 0.18-0.29. Pees—Per pound 0.13-0.14. Broad Beans—Per pound 0.10-0.11. Cherries—Per pound 0.30-0.40. Onions—Per beg 4.20-4.50. Carrots—Per bunch 0.12-0.15.

HIDES — Birmingham: Reasonably stable. Second class ox 31/35.5 kilos. PS to a kilo withdrawn (85p): 25/30 reasonably 27/2 kilos 55p

## New-found strength of Government stocks continues but equities fade after looking promising initially

Account Dealing Dates

\*First Declara- Last Account Dealings tions Dealings Day Jun. 18 Jun. 28 Jun. 29 July 10 July 2 July 12 July 13 July 24 July 16 July 26 July 27 Aug. 7 "New time" dealings may take place from 9.30 am two business days

The belief that interest rates will fall sooner than recently envisaged drew more converts yesterday and stimulated a fresh rush of investment in Governocks. Once again, the index rose 0.90 more to 73.18, came from many its highest for six weeks. ment stocks. Once again, the countries, particularly America.

A demand said to have been built up over the past few days, dated Gilts which strengthened two points or more in places

exhausted as a tap stock on Mon-day at 15], soared to 19; despite stantial profit-taking developed it made little lasting impression on the mediums and longs. The shorts, however, proved more susceptible and early gains here

ine new-found optimism covering the whole spectrum of Gilt-edged securities, generated by sterling's recent buoyancy, showed no sign of abating and late in the afternoon tended to to the spectrum of the 2½ per cent 1985/70 issue settled 5 points up at £83. Demand, too, was again evident for Antofagasta Railway issued. late in the afternoon tended to respond to news of the sharply lower rate of 121 per cent, from last week's 127 per cent, on this week's offering of Local Authority yearing bonds. After the previous day's leap of 1.19, the FT Government Securities

and partly institutional, caught dealers in leading shares unprior to a late easing. After Monday's reluctance, equities made a more convincing showing before also settling below the best.

Exchequer 12! per cent A 1999, index was 7.8 higher. However, the settlem of the set and lifted prices to the extent that at 1 pm the FT 30-share index was 7.8 higher. However, the settlem of the absence of any follow-through at 15% soared to 19% despite support saw values retreat £25-call due on the £15-paid fairly quickly from the best and stock on Friday, and closed a the index closed with a net gain net two points up at 19; Sub- of 4.4 at 479.5. The miners' stantial profit-taking developed conference backing a wage claim

n e e	of up to 65 per cent with the threat of industrial action was reflected in late sentiment. Corporations again basked in the glory of the main funds and
-	ADED OPTIONS

Deption   Extra se Closing   Price   Offer   Vol.   Closing   Offer   Of	Coption	LONDON TRADED OPTIONS												
Second   Price   Offer   Vol.   Offer   Vol.   Offer   Vol.   Close	Second   Price   Offer   Vol.   Offer   Vol.   Offer   Vol.   Close		٠.	J	uly	0	ct.	Jai	n	!				
By   1500	By   1500						Vol.		Vol.					
Grand Met.   128   18   53   24   32   32   32   33   34   34   3	Grand Met.   128   18   53   24   32   32   32   33   34   34   3	BP Com. Union Coms. Gold Cons. Gold Cons. Gold Courtaulds Courtaulds GEC GEC GEC GEC	1500 140 160 220 240 100 110 330 360 390 420	14 12 11 <sub>2</sub> 8 11 <sub>2</sub> 1 40 18 5	10 	70 21 9 18 11 41 <sub>2</sub> 3 61 42 26	2 - 24 1 1 -	125 24 12 30 16 719 512 77 57 43	3 - 10 20	149p 217p 90p 368p				
Boots 220 212 — 9 — 13 2 195p EMI 90 25 — 29 3 32 — 109p EMI 100 17 1 25 — 27 — " EMI 110 10 40 17 — 20 5 " EMI 120 4 10 12 22 16 2 " EMI 130 3 — 6 10 — — " EMI 140 2 3 4 11 — — " EMI 140 2 3 4 11 — — " EMI 150 3 — 6 85 912 — 94p Imperial Gp. 100 3 — 6 85 912 — 94p Imperial Gp. 260 27 4 40 7 50 — 275p	Boots 220 212 — 9 — 13 2 195p EMI 90 25 — 29 3 32 — 109p EMI 100 17 1 25 — 27 — " EMI 110 10 40 17 — 20 5 " EMI 120 4 10 12 22 16 2 " EMI 130 3 — 6 10 — — " EMI 140 2 3 4 11 — — " EMI 140 2 3 4 11 — — " EMI 150 3 — 6 85 912 — 94p Imperial Gp. 100 3 — 6 85 912 — 94p Imperial Gp. 260 27 4 40 7 50 — 275p	Grand Met. Grand Met. Grand Met. IGI IGI Land Secs. Land Secs. Land Secs. Marks & Sp. Shell	128 138 158 178 330 360 280 300 120 400	18 81 <sub>2</sub> 11 <sub>2</sub> 21 5 22 9 1 21 <sub>3</sub>	63 	24 18 81 <sub>2</sub> 21 <sub>2</sub> 34 15 40 29 16 9	40 58 15 26 23 15 24 5 288	24 14 9 43 25 51 42 26 14 35	15 15 11 2 63	346p 302p				
والأقاد والبرابي والمستخدر ويبيرون وأخصص وبوا فانتجاب ويوالا	·	EMI EMI EMI EMI EMI EMI EMI Imperial Gp Imperial Gp RTZ	220 90 100 110 120 130 140 100 110 260	21 <sub>2</sub> 25 17 10 4 5 2 2 3 4 2 7	1 40 10 - 3	9 29 23 17 12 6 4 6 3	3 - 22 10 11 25 10 7 85	13 32 27 20 16 —	5 2	109p "" "94p 275p				

for Antofagasta Railway issues, the ordinary rising 41 more to £30 and the preference 6 to £45. The pace of the recent decline

in rates for investment currency slowed, despite the continued strength of sterling. Trade increased noticeably and the premium, after initially rallying to 281 per cent, slipped back to settle a ret 11 points lower at settle a net 1½ points lower at 25½ per cent. Yesterday's SE conversion factor was 0.9340

Grand Metropolitan attracted the limelight in Traded options, contributing 248 deals to a total of 746 which compared with the previous day's 1,014. Land Securities were also wanted, re-cording 117 trades while EMI were also active with 107.

#### Home Banks good

With the interim dividend season three weeks away, the major clearers made useful promajor clearers made useful progress with gains accentuated by stock shortage. Barclays gained 13 to 463p, after 468p, while NatWest firmed 15 to 365p and Lloyds advanced 12 to 340p. Midland, still overshadowed by the proposed major U.S. acquisition, inished just 3 dearer at 388p after earlier progress to 403p Hire Purchases attracted a fair amount of interest; Lloyds and Scottish put on 9 to 118p and Provident Financial 7 to 98p and among Merchant Banks, Hambros firmed 13 to 315p.

A better trade than of late was seen among Breweries although rises were restricted to one or lower in late business. Allied became a good market, 21 up at 90p, but Scottish and Newcastle eased a penny to 671p in front of tomorrow's preliminary results. Gough Brothers featured secondary counters, adding 5 to 71p on renewed rumours of a pending offer from either Distillers or Whitbread, both reportedly keen to expand their

Building issues made early progress, but gains were mostly Engineering were good at 133p, pared as interest petered out. SGB featured, rising 15 to 255p in response to the sharply higher interim profits and dividend. Selected Timbers held firm with International adding 8 to 120p and the new nil-paid advancing 2 to 21p premium and Magnet and Southerns improving 5 more to 185p. Elsewhere, demand in thin markets lifted Burnett and Hallamshire 10 to 383p and

Williams firmed 4 to 92p on further consideration of the annual results, but A. Monk eased a penny to 56p following he preliminary profits. Pederated the preliminary profits, Federated Land attracted buyers and put

#### Stores better

An increased level of business than of late was seen in Stores, the emergence of a little instituthe emergence of a little institu-tional support leaving the leaders with useful rises. W. H. Smith rose 7 to 173p, while Gussies A, 362p, and House of Fraser, 185p, put on 4 and 3 respectively. Burton A were again in demand and improved 6 to 272p. Furnishers Henderson-Kenton pleased with a 45 per cent in-crease in annual profits which, together with the chairman's con-fident statement, left the shares 10 higher at 108p, after 110p. Elsewhere, among secondary issues, Freemans, 154p. and Empire, 174p, firmed 4 and 6 respectively, while market new-comer B. and Q. (Retail) advanced 4 to 86p. Support was again forthcoming for Bambers, 6 up at 135p, but Linereft Kilgour ended 2 down at 46p following the sharply reduced

mid-term profits. Electrical leaders followed the general trend, closing below the day's best. Awaiting tomorrow's preliminary results, GEC touched 373p before settling at 368p for a rise of 6. Elsewhere, Electro-components, up 15 at 430p, staged a useful rally after the recent sharp setback on the preliminary figures. Fresh demand lifted United Scientific 20 to 353p.

secondary issues. Press comment highlighting companies which may benefit from any future expansion in the nuclear energy programme directed fresh attention to Babcock and Wilcox, up 10 at 175p; the company announced a U.S. acquisition yesterday. Whessoe gained 7 to 120p and Northern Engineering 3 to 60p, while gains of 3 were also marked against Stone-Platt, 84p. and Howden Group, 93p. Elsewhere. United up 10, while Mining Supplies continued to respond to Press men tion with a rise of 6 to 1020 Other noteworthy movements included Matthew Hall, S to the good at 193p, and Davies and Metcalfe A. 5 dearer at 37p. With the exception of Rowniree Mackintosh, which cheapened 4 to 184p on worries about the company's overseas

Financial Times Government Securities.. Fixed Interest.....

Industrial Group. 500 Share.....

First Last

DEALING DATES

Last For

the chairman's gloomy remarks.

Grand Metropolitan firmed 3 to 145p, after 147p, following the rights issue success. Ladbroke, on the other hand, shed 5 to 190p on the company's failure to halt the licenting committee to halt the licenting committee to halt the licenting committee to halt the licenting committee. investigating police corruption

#### Rexmore good

Leading miscellaneous Indus-Beecham ending 3 up at 550p, after 554p, and Glaxo 10 dearer at 458p, after 460p. Boots touched 197p before settling at 196p for a gain of 5. Elsewhere, companies making trading statements pro-vided some good features, with Rexmore improving 9 to 74p in response to the annual results. proposed one-for-one scrip issue and dividend forecast, while preand divinced forecast, while pre-liminary figures left IC Gas 12 to the good at 505p. Sotheby firmed 10 to 355p on the interim results. Demand in a market none too well supplied with stock left BTR 16 to the good at 336p and AGB Research 14 up at 182p. Diploma, 312p. and De La Rue, 497p, rose 10 apiece, while buyers showed interest in Hanson Trust, 6 dearer at 159p, and Norcros, 21 firmer at 91p. Sil-houette A were temporarily uspended at 57p, up 7. follow-Little of interest developed in ing the announcement that an the Enginering leaders, but selec-tive support was forthcoming for approach had been made that may lead to an offer. Bath and Portland gained 7 to 50p after the preliminary results and the announcement of a loan agreement with LTA Ltd.

> Properties attracted further interest on hopes of cheaper bor-rowings, but best levels were not maintained as demand faded. Land Securities touched 304p

#### RISES AND FALLS YESTERDAY

	British Funds	Ор 80	DOWN	Same 5
5	Corpns. Dom and			
ì	Foreign Bonds	41		24
Ł	industriais	457	128	819
	Financial and Prop.	166	76	263
Ē	Oils	22 3	6	10
ì	Plantations	17	14 87	14
; ;	Mines	17	99	38 35
į	Totals ,	813	411	1,208

260.11 294.02 207.65

Calls were dealt in Mixcon-

crete, MFI, British Land,

119.9

53.23

MONTHLY AVERAGES OF STOCK INDICES

Deal- Deal- Declara- Settle- Britannia Arrow, Town and city, EML Marks and Spencer, Lex Service, Coalite and Chemi-

higher before interest faded and left final quotations below the best. Confectionery concerns George Bassett and Somportex displayed sharply contrasting movements, the former falling 3 to 112p following disappointing annual profits, but the latter advancing 22 to 115p on persistent demand in a thin market. Bernard Matthews picked up 6 to 282p, after 265p, but Ames. Hinton shed 7 to 93p following the chairman's gloomy remarks.

Reports that Phillips Petroleum expects to have an announcement about a possible new oil find in the North Sea prompted late strength in Oil Exploration which advanced 20 to 320p and in Premier Coasel dated 41 to the good at 41p Coasel dated, 41 to the good at 41p. Gas and Oil Acreage improved 5-more to 195p. Among the leaders, British Petroleum took a turn for the better and put on 20 to

#### De Beers easier

Early Johannesburg interest in De Beers on suggestions that a Barclays Ban new diamond mine had been dis BP covered in Namaqualand — later GEC covered in Namaqualand — later denied by the company, were not followed through in London. The price closed 1 easier at 362p after limited buying had failed to counteract the fresh fall in the investment dollar premium.
South African Financials
generally tended lower on lack of demand and there was little interest in London Financials. Charter were steady at 148p in front of today's annual results. South African Golds were subdued with the market drifting in front of today's IMF gold auction and lacking the stimulus of a further rise in the bullion

price. There was some closing of U.S. sharemarket positions before the July 4 holiday.
The Gold Mines Index, reflecting the lower premium, fell 23 to 159.6, while the ex-premium index was 1.5 lower at 149.1. Falls were most marked among

stocks which have recently gone ex-dividend, as in West Driefontein, down | at £211. But others like Western Deep, which attracted interest on Monday, held moderately steady with a fall of 15 to 751p. "Freddies" were steady at 120p after the increased dividend.

Australians were generally quiet, and lost ground in the afternoon as the premium eased. Pancontinental remained very steady, holding a gain of 25 to

#### FINANCIAL TIMES STOCK INDICES 75.18 75,36 72.66 72,42 78,23 72.27 74.57 466'9 475.2 453.1 479,5 167.8 174.4 178.0 178.4 160.4 159.6 150.6 152.4 156.6 155.9 161.6 105.1 Total bargaics ...... 19,293 17,997 19,272 16,100 14,547 15,421 Equity turnover 2m 81.09 110.58 85.88 67.48 71.15 42.52 Equity bargainstotal 12,127 15,490 15,831 10,702 11,778 11,558 10 am 476.8; 11-am 481.1. Noon 481.6; T\_pm 482.9; 2 pm 482.2; 3 pm 482.0; Latest Index 01-246 8025; Basis 100 Govt: Secs. 15/10/26, Fixed Int. 1928, Industrial Dec 35. Gold Mines 12/8/55. Ex.S premium index started June. 1972 Activity July-Dec. 1942. \* Np =7.47. HIGHS AND LOWS S.E. ACTIVITY High | Low High | Low 127.4 49.18 (8/1/58) (3/1/76) 150.4 50.53 (28/11/47) (8/1/76) 558.5 49.4 (4/6/72) (28/8/40) 446.1 (12/2) 129.9 442.3 45.5 (77/4) (22/5/75) (28/10/71) 208.4 (8/6) 95.2 337.1 54.5 (2/11) (8/4/74) (25/8.75)

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-	AC	TIVI	3 STO	)CKS		
·	· · · · ·	No.		• • • • • • • • • • • • • • • • • • • •		: S-4
	Denomin	a of	Closing	Change	1979	1973
Stock	tion	marks	price (p	) on day	high	Lower
Barclays Bank	£1	12	463`	+13-	514	- 866
BP	£1	11	1,260		1,295	882
GEC		1I	368	+_6 ·	· 456 _	314
ICI		10	345	·	415	345
Beecham	25p.	9	550	. + 3	755	522
Ladbroke	19p	§	190	·- 5	243	167
EMI	50p	7.	108	+ 3	144	94
Imperial Group	25p	7	94	+ 2	108	82
Land Secs		7	300	<b>+_2</b> -	.323 📜	244
Midland Bank		7	383	4 + 3	455	348
NatWest Bank	£1	7	365	+15		378
Samuel Props.		<b>-7</b> -	- 120 <i>-</i>	+ 4.	131	88

#### NEW HIGHS AND LOWS FOR 1979

NEW HIGHS (50)

Trees, 12pt 1984 Excher, 12the 'ST Caso Bit, 1984 Excher, 12the 'ST Caso Bit, 1984 A (£15 pc.) Trees, 11pc '01-04 COMMEATH & AFRICAN LOANS (1) N.Z. 6pt '76-80 FOREIGN BONDE N.Z. 6pc 76-80
POREIGN BONDS (2)
Antologasta Hallway Antologa By
BANKS (1)
Gerrard & National
BEERS (1)

Young & Co. A BUILDINGS (3) Royco

Thorn Elect. ..... 25p

ELECTRICALS (1) ENGINEERING (5) **NEW LOWS (146)** 

### STOCK EXCHANGE BUSINESS LAST MONTH

## Gilt-edged turnover improves 26.5% in wake of Budget

BY NIGEL SPALL

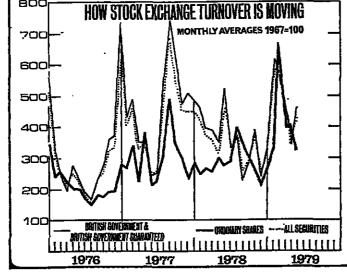
BUSINESS IN stock markets recovered last month because of a greater trade in Government securities. Total turnover last month, at £13.76bn, was up by £1.80bn, or 15.07 per cent. However, business in ordinary shares contracted last month because of lack of investment prevailing incentive and economic worties.

The total number of bargains transacted fell from May's 516,355 to 396,537, but the Financial Times stock exchange turnover index rose from 366.5 in May to 422.7, against last year's monthly average of

Business in gilt-edged securities recovered sharply to £10.89bn from £8.60bn, but trade in short-dated stocks slipped by 9.84 per cent from £4.82bn in May to £4.35bn. Longer-dated and irredeemables, however, recorded a 73 per cent gain from £3.78bn to £6.54bn.

The number of bargains done shorts averaged out at £22,625 (£20,815) and those in other stocks at £36,305 (£37,634). The 460.7 against last year's monthly average of 369.2.

Howes's Budget on June 12 in which the lightening of the credit squeeze and the 2 per cent increase in minimum lending rate succeeded in establishing rate



announced the issue of £1.8bn of the month with the OPEC in British Funds rose in June of gilt-edged stock in an attempt by 481 to 58,930. Deals in the to finance its borrowing needs. The Government securities index reflected Budget hopes in stocks at £36,305 (£37,634). The the early part of the month, FT turnover index for British attaining a high point of 73.16 Funds rose from May's 364.1 to on June 7. Subsequently it re-

with its effect on overseas earnings, was a further depressing

The Government subsequently the oil sector in the latter part

Trade in Ordinary shares fell from £2.25bn in May to £1.79bn. The number of bargains in equities showed a decrease on the month of 107,870 to 306,886, 80.7 against last year's monthly acted to end the month 1.82 lower at 71.09 after registering an month's low point of 70.24 on or Gilts followed Sir Genfrey June 15 nary shares fell to 320.1, which compares with May's 402.3 and

It brought about the gilt ings, was a further depressing down on the month at 473.4.

It brought about the gilt ings, was a further depressing down on the month at 473.4.

The FT Gold Mines index declined 28.5 points over the month from 196.3 to the month's tions to the Budget. The oil some £52 to £30.

value

Deal- Declara- Settle- Britannia Arrow, Town and City, EMI, Marks and Spencer, Jun. 26 July 9 Sep. 20 Oct. 2 July 10 July 23 Oct. 4 Oct. 16 A put was done in EMI, while										
July 24 Aug. 6 Oct. 18 Oct. 30 double options arranged in- For rate indications see end of cluded British Land and Share Information Service Spillers.										
RECENT ISSUES EQUITIES										
Isane bt. Police bt. P										
60 F.P. 11/7 91 76 B & Q (Retain 5p										
FIXED INTEREST STOCKS										
# 1979 Stock Oc. 1979										
Nii   20/7   1.pm   1.pm   English & Overseas Inv. Conv.   1.pm										
"RIGHTS" OFFERS										
Issue 55 Latest 1979 Price 27 Date High Low Stock 75 C										
36 Nii 9:7 10:8 4pm   2pm   Causton Sir (3.)     19pm   -12   65 Nii 17:7 10:8, 25pm 17pm   Century Oils   25pm   1   5212 Nii 10:7 10:8 6pm 22 pm   Combined English Stores   512 pm   +12   55 F.P. 8:6 6:7 51 40   Edwards Louis C.)   40   195 Nii   22pm   22pm   Elliott (B.)   22pm   22pm   2100 Nii 13:7 3:8 38pm 27pm   Geever Tin   22pm   22pm   22pm   2166 F.P. 29:6 10:8 145 131   Grand Metropolitan   146   +2   155 Nii 15:7 24:847pm 27:pm   Holt Lloyd Inti   47pm   +1   110 Nii 5:7 7:9 3pm   12pm   Inti   Timber   21:pm   +2   154 F.P. 22:6 27:7 180 157   MEPO   120   +6   130   +6   130   137   3:8 3pm   1pm   McCorquodale   21:pm										
210   Nii   22;6 20;7 60pm 40pm Peterson Tennant   40pm   20   F.P.     43½ 29   Provincial Laundries   37½   50   F.P.   29;6 20;7 86   81   Scotcres   86   86   86   86   86   86   86   8										
Ranunciation data usually last day for dealing free of stemp duty. b Figures based on prospectus astimate. S Assumed dividend and yield. S Forecast dividend: cover based on previous year's samings. F Dividend and yield based on prospectus or other official estimates for 1979. Q Gross, T Figures assumed. I Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. F Placing price to public. Pf Pence unless otherwise indicated. I lasued by tender. I Offered to holders of ordinary shares as a "rights." I issued by way of capitalisation. S Reintroduced. We issued in connection with reorganisation, merger or taksover.										

## FT-ACTUARIES SHARE INDICES

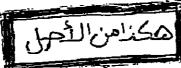
These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS	T T	ues.,	July 3	, 1 <del>9</del> 7	9	Mori, July 2	Fri., June 29	Thurs. June 28	Wed., June 27	Year ago (approx.
	& SUB-SECTIONS		<u> </u>	Ect	Gross	Est.	17				9 33
Figu	res in parentheses show number of stocks per section	Index No.	Day's Change %	Earnings Yield % (Max.)	Div. Yield % (ACT at 30%)	P/E Ratio (Net)	Index No.	Index No.	index No.	index No. •	linder Re-
1	CAPITAL 600DS (172)	246.34	+13	17.22	5.48	7.59	243.22	242.57	20.27	239.46	208.64
2	Building Materials (27)	229,18	+1.5	17.32	5.50	7.65	225.89	225.65	222,72	221.45	185.63
3	Contracting, Construction (28)	366.84	+15	24.67	5.67	5.30	361.30	351.15		354.49	336.07
4	Electricals (14)	594.91	+1.4	12_97	3.25	10.62	586.48	504.13	579.23	545.33	52.9
5	Engineering Contractors (12)	380.29	+3.4	19.06	612	6.72	367.99	364.54	361.85	360.17	382
6	Mechanical Engineering (75)	183.61	+0.7	17.95	6.16 9.04	7.22	162.27 164.52.	182.37. 165.87	18231	182.32 166.33	154.5
8	Metals and Metal Forming(16)	165.73	+0.7	19.52	7.17	6,42	104,32	100781	165.72	100.33	مسجدا
11	(DURABLE) (52)	230.88	+13	1527	4.83	2.55	228.83	229.08	227.74	228.10	1913
12	Lt. Electronics, Radio, TV (16)	315.73	+15	11.85	3.63	11.84	311.07	312.40	310.A0	11127	224.02
13	Household Goods (12)	158.97	+0.4	18.91	7.06	6.53	158.33	157.73	157.93	159.37	173.34
14	Motors and Distributors (24)	117.82	+0.9	22.15	7.04	5.48	116.78	117.52	116.90	114.58	121.12
21	(NON-DURABLE) (171)	236.61	+10	16.17	5.72	7.82	234,22	234.21	232.65	230.02	152
22	Breweries (14)	275.64	+11	16.26	536	7.21	272.66	276.71	258.08	24.12	21714
23	Wines and Spirits (6)	305.87	+0.9	15.36	4.72	9.49	303.06	300.71	257.77	291.03	248.78
24	Entertainment, Catering (17)	321.43	+13	15A7	631	8.51	317.38	313.61	305.68	301.67	244.30
25	Food Manufacturing (19)	208.66	+0.1	18.92	6.13	6.57	201.44	215.79	214.93	212.28	198.00
26	Food Retailing (15)	298.46	+2,1	11.76	3.99	10.57	292.21	292.27	29L35	297.25	197.53
32	Newspapers, Publishing (12)	431,05	+0.6	21.67	6.75	6.55	428.58	426.30	427.53	42L%	341.31
33	Packaging and Paper (15)	129.99	+1.1	<b>22.91</b>	8.21	5.65	12854	128.47	125.60.	127,57	130,79
34	Stores (41)	240.75	+13	11.73	4.96	11.40	237.57	2557	234,15	233.95,	177.25
35	Textiles(23)	162.57	+0,8	22.23	9.34	5.73	16130	167.00	162,71	160.58	167.推
36	Tobaccos (3)	241.64	+0.5	23.11	8,88	4.99	240.51	24T00	249.65	<b>Z36.1</b> 4	
37 41	Toys and Games (6)	71.17 204.48	-0.9 +1.1	32.06 15.54	9 <u>21</u> 6.92	3.74 7.98	71.83	7251	72.69	74.12	194.5
42	Chemicals (18)	284.12	+0.6	17.86	6.65	6.54	282.32	202,04	290.83 261.56	200.37 202.09	273.16
43	Pharmaceutical Products (7)	222.73	+10	12.38	4.90	10.04	220.45	219.92	214.56	214.89	21.2
44	Office Equipment (6)	121.10	+15	16.92	6.49	7.45	11936	11320	II9B	111.19	173
45	Shipping (10)	455.03	+8.7	10.23	6.59	13.08	452.01	455.46	451.87	453.25	39139
46	Miscellaneous (58)	245.71	+15	15.75	5.82	8.28	242.06	241.31	232.76	23145	1775
49	INDUSTRIAL GROUP(494)	238.07	+11	16.22	5.66	7,85	235,44	2532	23.5	232.51	28.1
51	Oils(6)	693.02	+0.9	11.37	3.05	9.35	68750	642.30	761.55	69L99	47152
59	500 SHARE INDEX	274.63	+1.1	1532	5.18	8.09	27L79	271.02	231.24	25128	224.54
61	FINANCIAL GROUP(116)	194,83	+25	_	519	· ÷	19013	19735	15.23	18.5	BU
62	Banks(6)	240.26	+30	27.72	4.83	4.66	233.36	227.11	223.57	227.52	13531
63	Discount Houses (10)	271.93	+0,7	[. <del>-</del>	6.74	· —	278.04	255.59	233.7L	253,24	1973
64	Hire Purchase (5)	172.11	+7.1	19.30	5.04	6.67	160.66	158.43	B133	15733	134.65
65	Insurance (Life) (10)	155.62	+2.4	l	6.53	_	151.91	151.5K	15829	152%	124.39
66	Insurance (Composite) (8)		+25	72.00	7:08		124.37	122.49	171.39	120.48	112.59
67 68	Insurance Brokers (10)	261.63 99.83	+1.8	19.20	7.02 5.25	:7.45	257.12 97.49	252.CE	256.19	25816	3249 754
-69	Property(43)	35410	+1.8	3.08	249	50.86	347.12	342.27	334.55	331.32	2215
70	Miscellaneous (10)	12131	+23	1534	735	8.35	11854	neo	120.74	120.02	165
71	Investment Trusts(110)	208.74	· +0.1	_	5.34		201.45	201.42	20.5	24.71	744
80.	Mining Finance (4)	120.50		16.57	6.25	7.33	120,50	111/2	11928	11945	77
91	Overseas Traders (20)	350.58	+0.5	15.11	7.64	8.17	348.73	358.57	351.67	351/4	330.50
99	ALL-SHARE INDEX(750)	251.35	+12	I. <del></del>	525		248.29	37.35	21715	26.65	200
		-	er er er		FI)	KED IN	EREST	, II.			المنافقة الم
	FIXED INTEREST PRICE		Br (	YJEL:			Jues.,	Mon:	Year		

	FIXED INT	erest P	RICE IN	DICES	of all of a			Year and
E	british Government	Tues., July 3	Day's change	nd adj. today	nd adj. 1979 to date	1 2 3	Compans 15 years 18.64 18.66	L.P.
. ]	Under 5 years	105.61 117.97	+0.24	·÷ :	4.77 5.81	5	Coupons 15 years	11位 12分 1238
3	5-15 years	124.67 136.07	+1.67	-	7.30 7.24	7 8 9	High 5 years 1289 1221 Coopers 15 years 1245 1244	11 AL
	All socis	215.38	+2.41		5.95	10	· · · · · · · · · · · · · · · · · · ·	13.86 72.42
			-	index Y	J.	on. uly 2	Fri. Thurs, Wed. Tass. Mem. Fri. June June June June June June June June	Y 662
15	20-yr. Rcd. Deb	& Loan	s (15)	67.49	12.91 5	7.23	57.10 57.02 56.94 58.92 86.92 86.96	56.5
16	Investment Tru	st Prefs	. (15)	49.3I	13,59 4	9.51	49.86 49.66 49.86 48.38 48.38	śź
17	Comi. and Ind	l. P <del>ref</del> s	. (20)	69,26	12.95 6	9.08	68.87 68.87 69.10 66.10 69.10	70 F

and sales Category bargains British Govt. and British Govt. Guaranteed: Short-dated (having five years or less to run) ..... Others Irish Govt.: 1,077 1,729 192,252 Short-dated (baving five years or less to run) ..... Others ...... UK local authority ..... 0.2 0.3 1.3 34 67 253 17.3 17.5 1.409 257,473 Overseas Govi.: Provincial and municipal ... 52 1.094 0.3 0.3 5,506 Fixed interest stock. preference and preferred ordinary shares ..... L057 22,187 5.649 Ordinary shares ..... 1,793.9 13.0 5,846 14,614 306,886 85.4 77.4

Average of all securities.



bargains

Sovett (Joint)

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37

101.0 91.6 200.7 91.6 145.4 432 206.8 432 123.0 81.9 123.0 81.9 123.0 81.9 123.0 12.9 147.0 12.9 147.0 12.9 147.0 12.9 90.6 +0.3 6.75 97.1 +0.2 6.75 97.1 +0.2 10.74 44.0 +0.1 10.74 25.2 +0.4 4.04 60.5 +0.9 9.55 41.0 +0.3 4.9 

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Pelican Units Admin. Ltd. (g)(x)

Albany Life Assurance Ca. Ltd. 31, Old Burlington St., W.1. 01-437 5962

AMEV Life As

National and Commercial

**PROPERT** BONDS

enry Schroder Wagg & Co. Ltd. 9 heapside, E.C.2. 01-240 3434

Scottish Equitable Fnd. Mgrs. Ltd.Y

Accom. Units Dealing day Weenesday.

Sebag Units Tst. Managers Ltd. (a)
PO 807.511, Biddiny, Hee, E.C.4. 01-226.5000
Sebag Capital Fd. 38.5 40.51 +0.24 8.33
Sebag Income Fd. 31.8 33.4 +0.2 8.33

ritish Capital Fund 152.7 169.2 +4.0 4.20 65 177.7 190.4 +4.5 4.20 Dealing Flues. & Fri. \*Wed.

2014 + 1-3 6.89 3624 + 1-90 6.89 3624 + 1-90 6.89 3634 + 1-90 2.39 3631 + 1-90 2.39 3631 + 1-90 3.29 3631 + 1-90 5.82 3631 + 1-90 5.82

Sum Alliance Fund Magt. Ltd. 0403 64141 Sun Alliance Hise., Horstam. 0403 64141 Evn En. 7s. June 13 (256.6 280.7 1 4.13 WTte Family Fd. 110.2 117.2 +118 3.58

Target Tst. Mngrs. Ltd. (a) (g) 31, Gresham St., EC2. Dealings: 0296 5941

64.0 1.46 2015 715 3.74 59.3 855 89.0 8.55 89.1 3.77 112.1 3.77

324-01 33

582 +06 743

52.6i +0.8i 4.58

68-73 Quees St., Edinburgh EH2 4NX Dealings to: 01-554 8899 or 031-226 7351.

FOOD, GROCERIES Cont.

**BRITISH FUNDS** 

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

INTERNATIONAL BANK

CORPORATION LOANS

LOANS

**Financial** 

FINANI
984 FFI 13pt 1981
100 Do. 14pt 79
1989 Do. 14pt 73
1772 (ICFC 55pt Deb. '80-82
773-10 CFC 55pt Deb. '80-82
773-10 Do. 64pt Db. '81-84
842 Do. 11pt Uns. Ln. '85
840 Do. 11pt Uns. Ln. '85
840 Do. 11pt Uns. Ln. '85
57 Do. 74pt ADb. '91-94
6402 Do. 9pt A' '91-94
6402 Do. 9pt A' '91-94
6502 Do. 85pt Ln. '92-97
9502 Do. 12pt Uns. Ln. 1992

Da. ¶apt: 84-85 ... L.C.C. Slage: 77-81 ... Do. Slage: 82-84 ... Do. Slage: 88-87 ... Do. Sapt: 88-82 ... Do. Sapt: 20 AS ... Middx. Slage: 1980 ... Newcastle ¶apt: 78-80 Warwick 121<sub>2</sub>% 1980 ...

x Stock 77-82 ..... 83 |..... 6.01 | 11.64

274 + 22 + 257 + 794 + 1 244 + 22 + 244 + 23 952 - 964 + 14 9992 - ---

12.56 11.92 12.50 12.02 12.24 12.38

10.51 11.55 11.50 11.50

Frice |+ or Yella E - Let. | Resi.

BANKS & HP—Continued

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY,

TIMBER AND ROADS

Beli Arthur 50p

| 35 | 41 | 21 | \$\phi\$ | \$44 | \$\phi\$ | \$47 | \$32 | \$- \text{32} | \$- \text{32}

## SHARE INFORMATION SERVICE

FOREIGN BONDS & RAILS 9.35 8.39 5.10 13.05 12.82 12.60 6.00 3 64 9 64 34 34 1120 185 867 953 845 320 **AMERICANS** E - Grees Chr Gr

#\$5173864461851511×4×4×43168414444655565565 

95c \$1.00 \$2.28 \$2.20 92c \$1.26 \$1.60 \$1.00 96c \$1.06 2.40

Gen. Elect. \$212 ...
Gillette \$1.
Honeywell \$1.50.
Hutton E.F.
I.B.M. Corp. \$5.
Ingersoil-R \$2.
I. U. Internationalli.
Kaiser At. \$1;
Mani. Han. US\$7.50
Morgan (IP) US\$2.5
Morton Sinua inc. \$1.
Owens-III. \$3.125
Quaker Oats US\$5.
Reliance \$0.25.
Reliance \$0.25.
Rey. N.Y. Corp. \$5.
Rexnord \$5. Transamerica \$ Utd. Tech. \$U\$! U.S. Steel \$1 ...

**CANADIANS** 

Bow Valley| Brascani| Can. Imp. Bk. S2 Can. Imp. Bk. S2 Can. Imp. Bk. S2 Can. Imp. Bk. S2 Do. Spc Deb. £100 Gulf Oil Can. II. Hollinger S5 Hudson's Bay II. Hud. B. Oil G. S2<sup>1</sup>2 Imperial Oil II.

BANKS AND HIRE PURCHASE

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JOSEPH ACTS AS £309M LOSS IS ANNOUNCED

## British Steel set cash target

A NEW British Steel Corpora- for the first half of 1979-80 and tion strategy to reduce losses is gave a warning that the corpolikely to involve cuts in unration had not been able to proprofitable export business and a faster programme of works

Following the announcement yesterday of a BSC loss of £309m for 1978-79, Sir Keith Joseph, Industry Secretary, Commons written reply that he has set the corporation the target of operating at a profit in 1980-81.

The Government is setting the corporation cash limits which will cover fixed investment and other essential capital requirements when added to internally generated funds. It does not intend to finance the corporation's operating losses after the current financial year.

But next year may see a capital reconstruction leading to a substantial reduction in

The BSC loss announced by

BY RICHARD JOHNS

the Kinzdom.

a day, according to reports from

8.5m barrels a day is on a "tem-porary" basis and could be

to increase oil output from its present main fields by a full 1m barrels supplies.

The increment over and above equilibrium, providing consump-

the present official ceiling of tion is restrained, thus stabilis-8.5m barrels a day is on a "tem-ing the dual price structure set

removed from the market at any ference last week in Geneva and

time but it is understood that calming down the market. That production would be maintained conference set an upper limit at this level for the third quar-

It will take a few days to the Arabian American Oil Com

raise the rate to the 9.5m barrels pany said that the Kingdom's

which the Saudi Government partners in the operation had

believes to be the optimum for not been informed of the

technical reasons, quite apart decision, David Buchan writes

from political considerations from Washington. He said that

relating to other members of the Mr. John Kelberer, chairman of

Organisation of Petroleum the Board, would be likely to Exporting Countries (OPEC). have talks with Sheikh Yamani

barrels a day that Sheikh Exxon Socal Texaco and Mobil Ahmed Zaki Yamani, Saudi —will be anxious to know

An extra 1m barrels would be in Britain this week.

vide for adverse contingencies in the second half of the year. The economic indicators had become more unfavourable since the board had set a target in April, 1978, to break even by March, 1980.

Eleven of the 14 profitreporting centres of the corporation made losses during 1978-79. In Wales all three strip mills lost money and the total loss by the Welsh division was £96.6m. The Scottish division lost £83m, Teesside £81m, Scunthorpe £27.8m, Sheffield £25.7m and the Tubes division £11.7m.

Sir Charles said the British Steel Board had not accepted the proposal he put to it last week for further decentralisation of the management structure. He accepted the judgment of the board members that, however British Steel's heavy finance desirable decentralisation might be. this was not the time for it.

Now that a radical reconstruc-Sir Charles Villiers, chairman, tion of British Steel's manage-compares with a £443m loss the ment is officially dead, senior compares with a £443m loss the ment is officially dead, senior steelmaking previous year. Sir Charles executives propose to fight to the Govern forecast a loss "within £150m" reach the March, 1980, target will allow.

Saudi oil output 'up 1m barrels'

shortfall in world

It would help considerably to

bring supply and demand into

by OPEC at its ministerial con-

Last night a spokesman for

The Americans in Aramco

SAUDI ARABIA has decided Minister of Oil, calculates as the whether their entitlement will attempts by Nigeria to charge

producers

cussed, he said.



Roger Taylor Sir Charles Villiers: Forecast deficit "within £150m."

by cutting back unprofitable steelmaking and sales as fast as the Government and the unions

be increased and, if so, by how

In London, an American

it in a U.S. District Court in

California by the International

Machinists and Aerospace

Workers could have "explosive'

consequences in terms of con-

frontation between the indus-

Dr. Khalid al Mansour, head

of a San Francisco law firm, was

present at the closed ministerial

possibility of enforcing a limited

embargo on the U.S. if judgment

went against OPEC was dis-

Sue Cameron writes: An in-

attorney advising OPEC said party customers to pay about that the law suit brought against \$30 a barrel for half the crude

trialised countries and oil a barrel. Customers would have producers.

session at which the legal action which produces about 2.4m against alleged "price fixing" barrels of crude a day, would by OPEC was discussed. The have had about 0.5m barrels a

crease in Saudi oil production amount of oil being sold on the

will almost certainly wreck spot market at inflated prices.

Steel exports totalled 2.9m tonnes last year compared with 3.2m tonnes the year before. But a large part of the business was accepted at low prices to provide work for the steel mills. In future the corporation will be prepared to shed unprofit-able business even though it may mean permanent withdrawal from some overseas

The policy is expected to reduce British Steel's production to the lowest levels since nationalisation. Last year production was 17.3m liquid tonnes, as marred with 17.4m tonnes the compared with 17.4m tonnes the previous year.

The corporation is revaluing its fixed assets on the basis that it has more steel plant than it can expect to utilise. Production is about 80 per cent of capacity.

The corporation intends to publishing quarterly results in August so that the performances of works and groups of works can be closely

Feature and Editorial Comment

spot market prices for part of her production. Last week

Nigeria asked some of her third

they obtained under long-term

rather lower than the full spot

market price - Nigerian oil

has been fetching around \$36

other half of the crude they

It is thought that Nigeria,

day to sell at the \$30 a barrel

price. But large oil companies

said yesterday that the Saudi decision to increase production

should reduce to a trickle the

bought from Nigeria.

That price would have been

## rise in air fares likely

By Michael Donne, Aerospace Correspondent

FURTHER RISES in air fares of between 10 and 15 per cent from this autumn are expected to follow a meeting of more than 100 airlines in Geneva on July 17.

The meeting, called by the International Air Transport OPEC crude oil price rise.

The effect of these increases on the airlines is expected to be a rise of several cents a U.S. gallon for aviation gasoline, raising its average level to over 80 cents a gallon from the present 70-

U.S. gallon prevailing in the

70 to 75 cents, but prices on the spot market are up to and in some cases well above a dollar a gallon.

other than through higher fares. But because of government pressures on fares levels, especially in the U.S., they tend to seek higher levels than perhaps they need, to allow for government cuts. April I, for example, averaged about 4 to 5 per cent, although the airlines originally sought between 7 and 9

per cent.
At the forthcoming meet-ing, they will be seeking in

The airlines do not believe that fares rises, so far, have reached the stage where they will deter traffic growth.

# Autumn

Association, will study the sharp increases in fuel prices since the last fares rises were introduced on April 1, and the likely results of the recent

75 cents a gallon.

This compares with an average of 40 to 45 cents a

U.S. gallon prevaining in the latter part of last year.

Aviation fuel prices vary widely throughout the world. In the U.S., they range already from 67.7 cents a gallon to \$1.10, while elsewhere the prices vary between \$20 to 75 cents, but prices on

Some aviation observers now believe that an average world-wide price of a dollar gallon or more is likely hefore the end of this year, with further rises beyond that in 1980.

The airlines see no way of recouping such price rises The fares rises from last

some cases as much as 15 per cent, in the knowledge that their governments will probably insist on smaller rises.

The rises will be "across the board"—that is, all fares will rise by the same amount, thereby preserving the differentials between first-class, economy and budget (third

## very short end there is nervous-ness about the extent to which the Bank of England will intervene to ease the pressure on liquidity. The squeeze will be aggravated by the £250m call on the old long tap due to be paid on Friday, with another £380m scheduled for next Wednesday on Treasury 12 per cent 1984. At longer periods, though, the picture is dominated by

British Steel Corporation hopes to be operating at a break even rate by next March. and the Government does not intend to finance any operating losses in 1980-81. But that does not necessarily mean that a

sustained improvement in BSC's fortunes is at last in view. The fact is that BSC expects its finance requirements this year will be £700m—not much different to the figure for 1978-1979—and it stresses that its Pile it high, sell it cheap, 1979—and it stresses that its projection of a big reduction in losses during the second half

of this year does not allow for "adverse contingencies," what-ever they may be. A break-even in March is a target, not a forecast, and the group is not able to make any promises about the outlook thereafter The Government's statement yesterday also needs to be heavily qualified. In the first place, BSC can still look for taxpayers' help to cover its fixed investment and other essential

capital requirements, which last year absorbed two-thirds of its external financing needs. More-over it must be everybody's, hope that by next summer— when the group could be push-ing up towards the top of its current borrowing limits—the promised capital reconstruction will at last take place. And

day: one-year money is now more than two points cheaper than one-week money. At the

picture is dominated by speculation about a cut in MIR.

British Steel

BSC's present financial strucure is absurd. Its depreciation charge is related to assets which Babcock very close to the con-are wildly overstated. They are sumer indeed: out of its \$146m are wildly overstated. They are going to be revalued this year to take account of their future earning power, and that could form of metal trim, and plastic bring a write off of well over Whether or not this is a good £300m. Its capital base is time to embrace Detroit is to increase its stake above

f that is to have any meaning,

the upshot will be a big reduc-

tion in its enormous financing

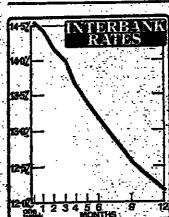
costs.

the yield curve in the money Index rose 4.4 to 479.5 market was accentuated yester.

THE LEX COLUMN

Recasting BSC's

debt structure



chance of ever being recouped. And although its debt is in reality very largely taxpayers' equity, its attributable losses of £309m are struck after an interest charge of £208m. Until BSC is given a realistic balance sheet any financial targets will be meaningless.

don't pay your creditors for a couple of months but make sure you claim full stock relief. That is the updated supermarketeer's philosophy which, judging by the report and accounts, Tesco. is employing to telling effect.
Once again the tax charge is
nominal—just £1:1m on pre-tax
profits of £37.6m—and this year trade creditors have more than financed the increase in stocks. In fact the group generated no less than £72.4m out of trading last year; no wonder Tesco was able more than to double its fixed asset spending to £72m in 1978-79 and will step that up toaround £80m this time.

#### Babcock & Wilcox

It is ironical that on the very day that the nuclear connections of Babcock and Wilcox brought. a 10p rise in the share price. to 175p the group should have announced a \$75m U.S. acquisition designed to reduce its dependence on heavy hollermaking. The purchase Corporation The purchase of takes sales last year. \$57m went to to the motor industry in the

Whether or not this is a good

But the group reckons that trend towards lighter Ame-cars is bound to benefit die-casting companies s

Babcock is not buying is as the same sort of knock of price at which it acquired a at the end of 1975. But fis p/e of 13 or so is probable dear, as Keeler's account conventions are said to be conservative. There is be any debr in the balance and the goodwill element at be small after a more revaluation. Keeler will be solidated for a few me this year and ought to da than cover its interest cost Babcock International which takes in ACCO and Reeler already contributes half group trading par Although much of all business is outside the U.S. group's geographical drift clear, and Keeler is is hought not merely as a generator but as a pasts for more American expansion.

#### Bath and Portland

The suspension of a £ contract is bound to financial headaches for a grawith shareholders funds only 220m. Most habilities Bath and Portland's Ira road order are covered by ECGB and the company made a provision of E which it expects will suffice. it is still saddled with which have helped to de oversess interest charges. Board breathed a sigh of re yesterday when it announced deal with Anglo American which offers a £3m loan famil But Bath and Portland

entering into a long term of mitment of uncertain to cations to ease a cash proble which might have solved itself The Iranians have promised resume payments next month and to bring the price escalation clause up to date. In the UK earnings were, poor over the first half but should improve Bath and Portland will be from Anglo American's expensive in certain areas, such a Brazil but may find that political implications of deal will exclude it from per tially lucrative markets, in colarly in Africa.

At the same time althe Angle-American has agreed crippled by the burden of an arguable, and Babcock already per cent for the next five reaccumulated revenue deficit of has some exposure through there is a clear takeover the over £1bn, which there is no American Chain and Cable, once this undertaking elapses

## Continued from Page 1

slightly in excess of the 800,000

## **Sterling** tervening regularly, but only on a relatively limited scale.

This is confirmed by an under lying inflow into the reserves of \$588m in June.

This compares with just over \$1bn in March and of several billion dollars in the early antumn of 1977, when the Bank the Keeler Corporation of the U.S. in a \$75m (£34m) deal to \$1bn in March and of several The published reserves total.

announced yesterday, rose by \$538m to \$22.07bn (£10.16bn). after taking account of new borrowing, mainly by nation-alised industries, of \$261m, and of debt repayments of \$311m. Overseas interest was again reported in the gilt-edged market, where prices rose sharply on hopes of lower

interest rates. The 1999 stock (the former long tap) rose to £19} in its £15 partly-paid form at one stage, compared with the price of £15% at which supplies were exhausted on Monday.

Profit-taking cut the price back to £19½ by the close. A further call of £25 is due on

Other gilt-edged stocks closed up to two points higher at the long-end, and the FT Government Securities Index closed at its highest level for nearly six

## Continued from Page 1

### **Miners**

when South Wales pickets appear at those coalfields But the big question is whether yesterday's vote will be

translated into a battle with the Government over the amount and timing of the next settle-Mr. Scargill gave a warning during the debate that if the

national executive did not act on the clear instruction of the conference the rank and file would take matters into their own hands, as in 1969. The union might have to fight again as it had in the official strikes of 1972

This year's wage increase of £6.50 had been "wiped out overnight ' by an anti-working class Budget. The police, the doctors and the armed forces had been awarded 25 to 30 per cent. Anything less for the miners would be a seli-out, he said.

The wage rates demanded by the resolution—£80 a week minimum for surface workers and £140 a week for men on the coal face-were not too much for men who worked in the bowels of the earth producing the energy that the country so badly needed.

## Babcock expands U.S. activity with £34m deal for Keeler

of furniture hardware, such as handles and castors.

BABCOCK AND WILCOX, the Keeler turnover of \$146m in its can Chain and Cable Company last financial year.

Keeler, a private company, is acquisition with \$22m from one of the largest independent existing liquid resources and the die casters of zinc products in balance of \$53m is to be prothe U.S. It is a major supplier vided by an unsecured longterm dollar bank loan.

andles and castors.

Babcock said yesterday that
The group supplies the Amerithe deal will reinforce the base can motor trade with a range of that it established in the U.S. On the London stock market, hardware, and these activities with the purchase of Acco In-shares of Babcock and Wilcox contributed \$87m to the total dustries Inc. (formerly Ameri- rose 10p to 175p.

Inc.) in 1975. The Keeler pur-Keeler reported taxable pro-fits of \$10.4m for the year ending position in the high volume conreinforce its other major North

January 27, 1979.

American activities.

Babcock is financing the products. sumer market for engineering

Keeler's last balance sheet showed net tangible assets of \$47.5m and the acquisition will increase Babcock's North American turnover by 40 per cent.

## Chrysler Europe loss 'to grow'

EUROPE

expected to run up significantly yet recovered from its slide higher losses this year than in 1978, when its deficit reached about FFr 100m (£10.3m).

This gloomy forecast has been workers in an effort to reduce workers and an effort to reduce the beginning of 1979 Chrysler france was forced to lay off workers and an effort to reduce the property of the property and the property of the property higher losses this year than in 1978, when its deficit reached about FFr 100m (£10.3m). This gloomy forecast has been

given by PSA Peugeot-Citroen, output and run down stocks, the French company which which had mounted to a level the French company which acquired Chrysler Europe last year in a \$430m deal. PSA says the losses will accrue in spite of reasonably satisfactory trading, which has seen Chrysler sales this year equal last year's level, except in export orders for Iran.

export orders for Iran. A significant part of the company's problems this year derive from the drying up of shipments to Iran. The decline in this area will hit the UK company, in spite of an improving penetration in the British

ATTEMPTS BY the Electricity

Council to resolve threatened industrial action by 27,000 power engineers last night plunged the industry into fresh trouble with its manual

The power engineers' leaders,

who have rejected an offer

which the council says is worth

16-18 per cent, yesterday called

off threatened industrial action

later this month.

BY ALAN PIKE, LABOUR CORRESPONDENT

after being told they will be valent increase to that offered offered an improved package to the engineers.

wentt

considered too costly to support by the new PSA amangement.

Another factor in the mounting losses is the cost of re-organisation. M. Jean-Paul Parayre, the head of PSA, recently told shareholders that Chrysler Europe was having to bear costs which were accruing from its adaptation to the PSA group.

Power workers demand parity

later this monun.

Mr. Jack Biggin, secretary of boards in a potentially nuperior
the trade union committee position since the power executive met and on the trade
the trade union committee position since the power executive met and on the transition of assurances given during the
informal talks, decided to call
the power executive met and on the transition of assurances given during the
informal talks, decided to call
the power executive met and on the transition of assurances given during the
informal talks, decided to call
the power executive met and on the transition.

The French company has not new investments are planned in the process of integration with

It is clear that strike threats in Britain could prejudice this climb back to profitability. But yesterday the European organisation said that these were prob-lems which had to be sorted out by the UK subsidiary.

Arthur Smith, Midlands Correspondent, writes: The 3,500 workers at Chrysler UK's Stoke engine plant, Coventry. voted overwhelmingly yesterday to strike from next Tuesday unless the company improves its

pay offer. The men, who are demanding Chrysler Europe said yester-day that the aim of the group was to get back into profits next year, by which time substantial

UK TODAY

DRY, sunny periods England and Wales, some rain N. and W. Scotland spreading to parts of Scotland and to N. Ireland.
London, Cent. N. England,
Midlands Sunny periods, wind S.W.

Sunny periods, wind S.W.

Max. 25C (77F).

S.E., Cent. S., S.W. England,
E. Anglia, Channel Is.
Dry, sunny. Max. 24C (75F).

N.W., N.E. England, Wales,
Lakes
Dry, sunny. Max. 23C (73F).

I. of Man, Edinburgh, S.W.
Scotland, Borders, Dundee,
Aberleen, Glassow, Cent. High-

Aberdeen, Glasgow, Cent. Highlands, Moray Firth Sunny intervals, cloudy, pos

sible rain later. Max. 19C (66F).

N.W., N.E. Scotland, Argyll,
Orkney, Shetland
Cloudy, rain or drizzle. Hill,
coast fog patches. 14C (57F).

N. Ireland Cloudy, some rain later. Max. 17C (63F).

Outlook: Mostly dry, warm, some thundery showers in S.

WORLDWIDE

Chrysler Europe said yester- day that the aim of the group was to get back into profits next year, by which time substantial	an increase in the company's proposed 5½ per cent rise in basic pay, have agreed to continue talks about a new incentive scheme.	Algiers F Amadm S Athens S Bahrain S Batroina S Betfast C Betfast C Betfard C	24 19 31 35 23 16 18	66 88 93 73 61 64	London Luxmbg. Luxor Madrid Majorca Malaga Malta M'chstr	000550050	21 16 40 23 21 22 28 16	70 81 104 73 70 72 82 61	
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"vigorously pursue a pay claim" in line with the engineers. The manual workers have already rejected one pay offer and are at present balloting on revised proposals worth about 14 per cent. Their decision will be known later this month.  But Mr. Biggin said yesterday that "notwithstanding the result of the ballot," the manual unions would demand an equivalent increase to that offered to the engineers.  This places the electricity boards in a potentially hopeless position since the power engineers are demanding a settlement which will improve their differentials against the	manual workers, eroded during recent years of pay policy.  Mr. John Lyons, general secretary of the Electrical Power Engineers Association—part of the Engineers and Manasers Association—was at the Electricity Council until early yesterday morning for informal talks on the engineers' claim. He left satisfied that sufficient progress had been made to enable a satisfactory settlement to be reached at the next formal meeting on July 17.  Later yesterday Mr. Lyons's executive met and, on the basis of assurances given during the informal talks, decided to call off plans for industrial action.	Cardiff S F Cas of S F Cas of S F Cas of S F Calond S Cardin F Dorwink F F Frenkft C Geneva S Gibrite S F Kana S Inverse S Inv	11 18 14 29 18 11 23 26	7277649963816672776498677184869855645784845779	Paris Perch Prague Revkivk. Rhodes Rio J'o Rhodes Rio J'o Salzbro. Singaror. Strusbri. Sydnsy Tangair Tehran Tehran Tenarifa Tokyo Toronto Tunch Valancis Valancis Valancis Valancis Varice	SSCRSACSESFF CSFF CRFR	315191178103355123015171833037771938415121912 sun	8776786158876755686677868881687555654	

